



**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Financial Statements  
and  
Independent Auditors' Report  
June 30, 2018 and 2017**

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated financial statements of Rocky Mountain Public Media, Inc. (a non-profit corporation), which are comprised of the consolidated statements of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

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

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

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

## **OPINION**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain Public Media, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### *Report on Prior Year Financial Statements*

The consolidated financial statements of Rocky Mountain Public Media, Inc. as of June 30, 2017, were audited by EKS&H LLLP, whose report dated November 8, 2017, expressed an unqualified opinion on those statements.

### *Supplementary Information*

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

The 2017 supplementary information on pages 24, 26, and 28 was subjected to the auditing procedures applied in the 2017 audit of the basic consolidated financial statements by EKS&H LLLP, whose report on such information stated that it was fairly stated in all material respects in relation to the 2017 consolidated financial statements as a whole.



Plante & Moran, PLLC

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Consolidated Statements of Financial Position

	June 30,	
	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 1,478,976	\$ 1,010,363
Restricted cash - capital campaign	3,339,011	2,302,941
Accounts receivable		
Contributions, grants, and other, net of allowance for doubtful accounts of \$311,409 (2018) and \$392,617 (2017)	2,417,773	2,139,417
Program underwriting and fees, net of allowance for doubtful accounts of \$18,161 (2018) and \$19,200 (2017)	1,311,415	1,206,777
Capital campaign pledges receivable	2,775,889	824,337
Program inventory	78,901	76,731
Prepaid and other expenses	222,307	330,322
Investments	9,736,390	10,964,370
Investments - capital campaign	7,919,733	2,003,533
Property and equipment, net	15,154,489	12,943,198
Operating license	53,017	53,017
Total assets	<u>\$ 44,487,901</u>	<u>\$ 33,855,006</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,032,503	\$ 606,786
Accrued expenses	362,286	501,659
Deferred revenue	140,796	144,619
Deferred revenue - capital campaign	-	4,000,000
Deferred gain on sale and leaseback	765,625	1,020,833
Notes payable	1,316,989	527,401
Total liabilities	<u>3,618,199</u>	<u>6,801,298</u>
<b>Net assets</b>		
Unrestricted	31,066,934	26,185,740
Temporarily restricted	9,541,051	606,251
Permanently restricted	261,717	261,717
Total net assets	<u>40,869,702</u>	<u>27,053,708</u>
Total liabilities and net assets	<u>\$ 44,487,901</u>	<u>\$ 33,855,006</u>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statements of Activities**

	For the Years Ended							
	June 30, 2018				June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and support								
Contributions								
Membership	\$ 10,714,080	\$ -	\$ -	\$ 10,714,080	\$ 9,874,396	\$ -	\$ -	\$ 9,874,396
Capital campaign	-	11,257,130	-	11,257,130	-	447,793	-	447,793
Underwriting	1,504,307	-	-	1,504,307	1,623,951	66,130	-	1,690,081
Bequests	486,168	-	-	486,168	239,994	-	-	239,994
Other gifts	564,404	10,000	-	574,404	484,883	3,596	29,380	517,859
Grants								
Community service grant	1,076,776	-	-	1,076,776	1,751,395	-	-	1,751,395
Other	2,220,663	-	-	2,220,663	1,006,329	95,000	-	1,101,329
In-kind donations	290,831	-	-	290,831	367,879	-	-	367,879
Program service revenues	6,256	-	-	6,256	7,999	-	-	7,999
Service fees and rental	540,318	-	-	540,318	420,161	-	-	420,161
Special events, net of expenses of \$86,829 (2018) and \$84,421 (2017) (in-kind revenue and expense of \$86,829 (2018) and \$84,421 (2017))	44,553	-	-	44,553	43,409	-	-	43,409
Other	57,852	-	-	57,852	5,958	-	-	5,958
Total revenues, gains, and support	<u>17,506,208</u>	<u>11,267,130</u>	<u>-</u>	<u>28,773,338</u>	<u>15,826,354</u>	<u>612,519</u>	<u>29,380</u>	<u>16,468,253</u>
Net assets released from restrictions								
Satisfaction of purpose restrictions	231,130	(231,130)	-	-	217,130	(217,130)	-	-
Satisfaction of capital campaign restrictions	<u>2,101,200</u>	<u>(2,101,200)</u>	<u>-</u>	<u>-</u>	<u>1,138,436</u>	<u>(1,138,436)</u>	<u>-</u>	<u>-</u>
Total net assets released from restrictions	<u>2,332,330</u>	<u>(2,332,330)</u>	<u>-</u>	<u>-</u>	<u>1,355,566</u>	<u>(1,355,566)</u>	<u>-</u>	<u>-</u>
Total support and revenues, net	<u>19,838,538</u>	<u>8,934,800</u>	<u>-</u>	<u>28,773,338</u>	<u>17,181,920</u>	<u>(743,047)</u>	<u>29,380</u>	<u>16,468,253</u>
Expenses								
Program services								
Programming and production	4,935,851	-	-	4,935,851	5,540,313	-	-	5,540,313
Broadcasting	3,110,986	-	-	3,110,986	3,055,473	-	-	3,055,473
Public information	<u>618,423</u>	<u>-</u>	<u>-</u>	<u>618,423</u>	<u>452,891</u>	<u>-</u>	<u>-</u>	<u>452,891</u>
Total program services	<u>8,665,260</u>	<u>-</u>	<u>-</u>	<u>8,665,260</u>	<u>9,048,677</u>	<u>-</u>	<u>-</u>	<u>9,048,677</u>
Supporting services								
Management and general	1,602,643	-	-	1,602,643	1,535,570	-	-	1,535,570
Fundraising and development	4,155,368	-	-	4,155,368	4,418,217	-	-	4,418,217
Underwriting	<u>635,066</u>	<u>-</u>	<u>-</u>	<u>635,066</u>	<u>580,236</u>	<u>-</u>	<u>-</u>	<u>580,236</u>
Total supporting services	<u>6,393,077</u>	<u>-</u>	<u>-</u>	<u>6,393,077</u>	<u>6,534,023</u>	<u>-</u>	<u>-</u>	<u>6,534,023</u>
Building and capital campaign expense	<u>185,327</u>	<u>-</u>	<u>-</u>	<u>185,327</u>	<u>190,097</u>	<u>-</u>	<u>-</u>	<u>190,097</u>
Total expenses	<u>15,243,664</u>	<u>-</u>	<u>-</u>	<u>15,243,664</u>	<u>15,772,797</u>	<u>-</u>	<u>-</u>	<u>15,772,797</u>
Change in net assets from operations	4,594,874	8,934,800	-	13,529,674	1,409,123	(743,047)	29,380	695,456
Depreciation	(638,429)	-	-	(638,429)	(638,137)	-	-	(638,137)
Investment income, net of direct advisor fees of \$42,500 for 2018 and 2017	668,371	-	-	668,371	1,131,920	-	-	1,131,920
Gain on sale and leaseback transactions, net (Note 2)	<u>256,378</u>	<u>-</u>	<u>-</u>	<u>256,378</u>	<u>6,849,520</u>	<u>-</u>	<u>-</u>	<u>6,849,520</u>
Change in net assets	4,881,194	8,934,800	-	13,815,994	8,752,426	(743,047)	29,380	8,038,759
Net assets, beginning of year	<u>26,185,740</u>	<u>606,251</u>	<u>261,717</u>	<u>27,053,708</u>	<u>17,433,314</u>	<u>1,349,298</u>	<u>232,337</u>	<u>19,014,949</u>
Net assets, end of year	<u>\$ 31,066,934</u>	<u>\$ 9,541,051</u>	<u>\$ 261,717</u>	<u>\$ 40,869,702</u>	<u>\$ 26,185,740</u>	<u>\$ 606,251</u>	<u>\$ 261,717</u>	<u>\$ 27,053,708</u>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2018**

	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Public Information</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Underwriting</u>	<u>Building and Capital Campaign</u>	<u>Total</u>
Personnel and payroll taxes	\$ 2,115,016	\$ 1,003,099	\$ 438,708	\$ 769,397	\$ 1,123,628	\$ 451,021	\$ 61,478	\$ 5,962,347
Program acquisitions	1,509,140	10,408	-	-	-	-	-	1,519,548
Professional services	703,810	160,329	43,571	402,668	1,294,838	42,457	105,191	2,752,864
Mailing and shipping	5,803	3,019	307	16,896	916,229	302	228	942,784
Printing and duplicating	7,172	4,336	4,755	23,024	20,651	6,349	79	66,366
Building, distribution, and software	4,749	1,308,867	-	92,921	45,500	-	804	1,452,841
Building rent	175,195	32,096	1,013	24,122	19,787	7,661	-	259,874
Subscriptions, dues, and licenses	87,533	46,826	1,443	62,709	95,374	60	219	294,164
Premiums, advertising, and promotions	185,083	2,322	98,065	4,355	383,459	12,295	-	685,579
Supplies and videotapes	23,345	85,157	13,788	12,123	6,837	294	50	141,594
Travel, parking, and mileage	52,785	27,075	8,638	25,872	17,563	8,564	925	141,422
Insurance	29,882	-	-	67,568	208	-	-	97,658
Telephone and connectivity	6,418	199,699	48	21,308	3,275	1,564	-	232,312
Interest	-	-	-	6,043	5,086	-	-	11,129
Training and meetings	20,579	33,350	7,958	62,590	118,943	17,713	10,648	271,781
Repairs and maintenance	168	142,266	-	1,987	-	-	-	144,421
Temporary assistance	-	21,418	-	-	-	-	-	21,418
Special events	1,443	4,760	-	8,796	103,359	66	3,205	121,629
Recruiting	1,858	-	129	264	514	-	-	2,765
Indirect costs	4,232	-	-	-	-	-	-	4,232
Bad debt	1,640	25,959	-	-	117	86,720	2,500	116,936
Total expenses before depreciation	4,935,851	3,110,986	618,423	1,602,643	4,155,368	635,066	185,327	15,243,664
Depreciation	126,499	432,080	-	39,338	37,729	2,783	-	638,429
Total expenses	<u>\$ 5,062,350</u>	<u>\$ 3,543,066</u>	<u>\$ 618,423</u>	<u>\$ 1,641,981</u>	<u>\$ 4,193,097</u>	<u>\$ 637,849</u>	<u>\$ 185,327</u>	<u>\$ 15,882,093</u>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

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

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

See notes to consolidated financial statements.



**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statements of Cash Flows**

	For the Years Ended	
	June 30,	
	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 13,815,994	\$ 8,038,759
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Change in allowance for doubtful accounts	82,247	(177,873)
Depreciation	638,429	638,137
Gain on sale and leaseback transactions, net	(255,208)	(6,849,520)
Deferred revenue - capital campaign	(4,000,000)	2,000,000
Contributions for capital campaign	(11,257,130)	(447,793)
Net realized and unrealized gains on investments	(342,372)	(904,358)
Changes in certain assets and liabilities		
Contributions, grants, and other receivables	(219,557)	(72,368)
Program and underwriting fees receivable	(32,968)	63,129
Pledges receivable	(212,716)	23,373
Capital campaign pledges receivable	(1,951,552)	59,932
Program inventory	(2,170)	(20,971)
Prepaid and other expenses	108,015	198,832
Accounts payable	425,717	(127,494)
Accrued expenses	(139,373)	48,427
Deferred revenue	(3,823)	(143,090)
Net cash (used in) provided by operating activities	(3,346,467)	2,327,122
Cash flows from investing activities		
Change in restricted cash	(1,036,070)	(153,790)
Payments for purchase of property and equipment	(2,849,720)	(898,857)
Proceeds from sale of land	-	1,500,000
Payment received on notes receivable	-	55,000
Net purchases of investments	(4,345,848)	(2,269,245)
Net cash used in investing activities	(8,231,638)	(1,766,892)
Cash flows from financing activities		
Payments on note payable	(9,693)	(8,494)
Proceeds from note payable	799,281	460,860
Net payments on line-of-credit	-	(900,000)
Contributions for capital campaign	11,257,130	447,793
Net cash provided by financing activities	12,046,718	159
Net change in cash and cash equivalents	468,613	560,389
Cash and cash equivalents, beginning of year	1,010,363	449,974
Cash and cash equivalents, end of year	\$ 1,478,976	\$ 1,010,363

(Continued on the following page)

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statements of Cash Flows**

(Continued from the previous page)

Supplemental disclosure of cash flow information:

Interest paid was \$11,129 and \$40,309 for the years ended June 30, 2018 and 2017, respectively.

Supplemental disclosure of non-cash activity:

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

During the year ended June 30, 2017, the Network entered into a sale-leaseback transaction that exchanged property valued at \$2,029,647 for new land valued at \$8,400,000 and cash of \$1,500,000. The Network then leased back the exchanged property, resulting in a deferred gain on the sale equal to the future minimum lease payments of \$765,625, as reported on the consolidated statements of financial position.

See notes to consolidated financial statements.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

#### Organization

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

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

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

#### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Rocky Mountain Public Media, Inc.; its wholly owned subsidiary RMPB Ventures, Inc., a separate for-profit organization established in June 1997; KUVU, LLC, a separate non-profit public radio organization; and I-News. There was no significant operating activity in RMPB Ventures, Inc. during the years ended June 30, 2018 or 2017. All material interorganization transactions have been eliminated in consolidation.

#### Basis of Presentation

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

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

#### Basis of Presentation (continued)

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

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

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

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

#### Cash and Cash Equivalents

The Network considers all highly liquid investments with a maturity of three months or less and that are not held by investment managers as part of an investment portfolio to be cash equivalents. The Network continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of June 30, 2018, and periodically throughout the year, the Network maintained balances in excess of federally insured limits.

At June 30, 2018 and 2017, amounts included in cash that are held in escrow to be used for building maintenance and shared antenna use are \$89,562 and \$80,389, respectively.

#### Restricted Cash

The Network maintains a separate cash account for amounts received related to the capital campaign, until such time as construction begins. As of June 30, 2018 and 2017, the balance of this account was \$3,339,011 and \$2,302,941, respectively, of which \$0 and \$2,000,000 was a conditional contribution recorded in deferred revenue.

#### Concentrations of Credit Risk

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

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

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

#### Investments

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

#### Accounts Receivable

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

#### Contributions and Contributions Receivable

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

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

The Network uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Network recorded an allowance of \$311,409 and \$392,617 at June 30, 2018 and 2017, respectively, as reflected in the consolidated statements of financial position.

#### Capital Campaign Pledges Receivable

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

#### Program Underwriting

Program underwriting is recorded from signed agreements. Program underwriting related to purchased programs is recognized as unrestricted net assets. Accounts receivable are recorded for the full amount of the signed underwriting agreement. The allowance at June 30, 2018 and 2017 was \$18,161 and \$19,200, respectively.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

#### Program Inventory

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

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

#### Property and Equipment

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

#### Construction in Progress

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

#### Long-Lived Assets

The Network reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Network looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. There were no impairments at June 30, 2018 and 2017.

#### Deferred Revenue

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

#### Deferred Revenue - Capital Campaign

At June 30, 2017, deferred revenue - capital campaign consisted of a \$4,000,000 conditional contribution received for the capital campaign, which was to be held in a separate account until such time as \$22,000,000 of the budget for the capital campaign had been raised, which was met during fiscal year 2018. The conditional contribution was part of a \$6,000,000 conditional grant received that is payable over a three-year period.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

#### Advertising

The Network uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the years ended June 30, 2018 and 2017, advertising expense was \$344,295 and \$227,907, respectively, which included in-kind advertising of \$900 and \$10,175, respectively.

#### In-Kind and Donated Services

The Network receives various in-kind gifts of goods and services, which are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. In-kind goods and services were \$290,831 and \$367,879 for the years ended June 30, 2018 and 2017, respectively, which consisted of the following:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Professional services	\$ 157,303	\$ 197,635
Meetings and member engagement	94,030	89,707
Occupancy	22,000	22,000
Premiums	8,810	46,562
Equipment	7,788	-
Advertising	900	10,175
Memberships	-	1,800
	<u>\$ 290,831</u>	<u>\$ 367,879</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Network in its programs and general operations. The Network received approximately 14,500 and 15,000 volunteer hours during 2018 and 2017, respectively. These values have not been included in the consolidated financial statements as they do not meet the requirements to be recorded under accounting principles generally accepted in the United States of America.

#### Use of Estimates

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

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

#### Income Taxes

The Network is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). However, the income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income as defined in the IRC and regulations thereunder. Total unrelated business income was not material for the years ended June 30, 2018 and 2017. The Network applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amount has been recognized as of June 30, 2018 and 2017. If incurred, interest and penalties associated with tax positions would be recorded in the period assessed as miscellaneous administrative expense. No interest or penalties have been assessed as of June 30, 2018 and 2017.

RMPB Ventures, Inc. is a for-profit corporation and is subject to federal and state income taxes at the applicable corporate rates. As there were no significant operating activities in RMPB Ventures, Inc., income taxes were insignificant for the years ended June 30, 2018 and 2017.

#### Functional Expenses

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

#### Recently Issued Accounting Pronouncements

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



# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

#### Recently Issued Accounting Pronouncements (continued)

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

In August 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard clarifies and improves current guidance to determine whether a transaction is a contribution or an exchange transaction, in order for an entity to identify which revenue recognition guidance is applicable. The standard also provides additional guidance to classify contributions as conditional or unconditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018.

#### Subsequent Events

The Network has evaluated all subsequent events through the auditors' report date, which is the date the consolidated financial statements were available to be issued. The subsequent events that required disclosure in the consolidated financial statements are included in Notes 2 and 6.

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

During the year ended June 30, 2016, the Network commenced a capital campaign. The Network has committed to being the leader in the reinvention of public media. By changing Colorado's public media landscape through an ambitious capital campaign initiative, a replicable model of high-tech media collaboration, original programming, and community involvement—all under one roof—will result. The Network's goal for the construction of the Buell Public Media Center ("BPMC") is to raise \$34,000,000.

For the years ended June 30, 2018 and 2017, the Network raised \$11,257,130 and \$447,793, respectively, in capital campaign contributions. Additionally, the Network had capital campaign pledges outstanding of \$2,775,889 and \$824,337 as of June 30, 2018 and 2017, respectively.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

As part of the development of the BPMC, in July 2016, the Network entered into a land-for-land exchange agreement with the State of Colorado whereas the Network exchanged the existing land and building of its operations on Bannock Street valued at \$2,029,647 and received from the State of Colorado \$1,500,000 in cash in Note 6 and land for construction of the BPMC valued at \$8,400,000, resulting in a total gain of \$7,870,353 in fiscal year 2017, of which \$1,250,000 was originally deferred on the sale and leaseback, as discussed below. The Network also entered into an office lease agreement commencing August 2016 ("Commencement Date") with the State of Colorado to occupy its existing building until the construction of the BPMC is completed. The lease term is for five years from the Commencement Date, with annual rent of \$250,000. The lease includes an early termination clause, whereas the Network may terminate the lease at no cost after the 36<sup>th</sup> month of the lease. Future lease payments for the office lease have been included in Note 11. The amount of gain equal to future minimum lease payments is deferred and will be recognized in proportion to the amount of rent charged to expense over the term of the lease. For the year ended June 30, 2018 and 2017, the Network expensed \$250,000 and \$229,167 of lease payments, respectively. In addition, for the year ended June 30, 2018 and 2017, the Network recognized a gain on the sale and leaseback transaction of \$256,378 and \$6,849,520, respectively. At June 30, 2018 and 2017, \$765,625 and \$1,020,833, respectively, of deferred gain on the sale and leaseback transaction is included on the consolidated statement of financial position. The Network has also designated \$1,343,786 of cash proceeds from the land-for-land exchange agreement and \$5,325,000 of net cash proceeds from the sale of a portion of the land to the capital campaign.

On October 30, 2018, the Network entered into a financing structure using New Markets Tax Credit ("NMTC") financing and the sale of tax-exempt bonds. The NMTC financing allows the Network to recognize a net benefit of approximately \$1,743,186 for the construction of the BPMC. The sale of tax-exempt bonds resulted in \$12,100,000 in tax-exempt proceeds. The Network broke ground on the BPMC on November 29, 2018. The total construction and design final guaranteed maximum price for BPMC is \$25,102,691.

As of October 30, 2018, the capital campaign has raised \$16,288,821 in pledged and verbal commitments of \$1,135,000, which are revocable and are not recognized as revenue, and \$11,811,972 in designated funds and other grants. The capital campaign is 83% of its \$34,000,000 goal.

Total campaign progress as of October 30, 2018:

Sale of land net proceeds	\$ 5,325,000
Land-for-land exchange net proceeds	1,343,786
Grants (Note 6)	3,400,000
NMTC net benefit	1,743,186
Contributions (pledged and verbal)	<u>16,288,821</u>
Other revenue subtotal	<u>\$ 28,100,793</u>
Capital campaign budget	<u>\$ 34,000,000</u>
	83% of goal

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### Note 3 - Investments

Investments are comprised of the following:

	June 30,	
	2018	2017
Investments, at fair value		
Money markets	\$ 8,253,383	\$ 2,360,733
Fixed income mutual funds	2,583,230	2,430,723
Equity mutual funds	6,819,510	8,176,447
Total investments	<u>\$ 17,656,123</u>	<u>\$ 12,967,903</u>

At June 30, 2018 and 2017, the money markets investment balance included \$7,919,733 and \$2,003,533, respectively, received in conjunction with the capital campaign.

Investment income consists of the following:

	June 30,	
	2018	2017
Dividends and interest, net of fees	\$ 325,999	\$ 227,562
Net realized gains (losses)	301,478	(47,923)
Net unrealized gains	40,894	952,281
Total investment return	<u>\$ 668,371</u>	<u>\$ 1,131,920</u>

### Note 4 - Fair Value Measurement

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

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

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

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

Financial assets carried at fair value measured on a recurring basis as of June 30, 2018 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money markets	\$ 8,253,383	\$ -	\$ -	\$ 8,253,383
Fixed income mutual funds	2,583,230	-	-	2,583,230
Equity mutual funds	<u>6,819,510</u>	<u>-</u>	<u>-</u>	<u>6,819,510</u>
Total fair value	<u>\$ 17,656,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,656,123</u>

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

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

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

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

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

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

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

Property and equipment consist of the following:

	June 30,	
	2018	2017
Land	\$ 8,692,300	\$ 8,692,300
Buildings and improvements	2,137,009	2,137,009
Furniture, fixtures, and equipment	13,700,013	13,518,061
Transmitter facilities and equipment	12,638,751	12,638,751
Construction in process	3,879,939	1,212,172
Less accumulated depreciation	<u>(25,893,523)</u>	<u>(25,255,095)</u>
	<u>\$ 15,154,489</u>	<u>\$ 12,943,198</u>

Equipment under capital lease and included in transmitter facilities and equipment amounted to \$48,016 for both 2018 and 2017, with accumulated amortization of \$37,216 and \$33,349 as of June 30, 2018 and 2017, respectively.

### **Note 6 - Notes Payable**

The Network has an obligation under a note payable for property for a mortgage payable to Five Points Media Center. The note is due in monthly installments of principal and interest of \$1,004 through December 2023, with an interest rate of 5% and secured by a first deed of trust on an office condominium. Amounts payable to Five Points Media Center at June 30, 2018 and 2017 were \$56,848 and \$66,541, respectively.

In addition, in October 2016, the Network entered into a note payable to the City and County of Denver. The note allows for a total principal amount of up to \$1,500,000 to be borrowed, which includes \$1,000,000 as a performance-based loan at 0% interest and \$500,000 as a repayable loan at 2% interest. The note is secured by a first deed of trust on property. At June 30, 2018, the Network has borrowed a principal amount of \$1,260,141 from the performance-based loan. If the Network remains in compliance with the note, as defined in the agreement, the performance-based loan will be deemed to be fully paid and satisfied 85 months after the execution of the note payable. Amounts payable to the City and County of Denver at June 30, 2018 and 2017 were \$1,260,141 and \$460,860, respectively.

Subsequent to year end, the amount outstanding increased to approximately \$1,470,000.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 6 - Notes Payable (continued)**

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

For the Year Ending June 30,

2019	\$	8,621
2020		9,866
2021		10,370
2022		10,901
2023		11,459
Thereafter		<u>1,265,772</u>
	\$	<u>1,316,989</u>

### **Note 7 - Net Assets**

#### Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Local production	\$ -	\$ 20,000
Education initiative	10,000	141,130
Endowment earnings	20,012	20,012
Capital campaign	9,511,039	355,109
Programming	<u>-</u>	<u>70,000</u>
	<u>\$ 9,541,051</u>	<u>\$ 606,251</u>

#### Permanently Restricted Net Assets

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

### **Note 8 - Employee Benefit Plan**

The Network has a tax-sheltered annuity plan (the "Plan") under IRC Section 403(b) covering substantially all full-time employees. The Network contributes 100% up to 3% of the employees' deferrals. In addition, each participating employee has the option to contribute additional amounts on a pre-tax basis up to the maximum allowable by the IRS. Contributions to the Plan vest immediately. The Network contributed \$120,784 and \$116,020 for the years ended June 30, 2018 and 2017, respectively.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 9 - Commitments and Contingencies**

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

### **Note 10 - Line-of-Credit**

During the year ended June 30, 2018, the Network had a \$950,000 line-of-credit with a bank, which bears interest at 5.25% and matures April 14, 2019. The outstanding balances at June 30, 2018 and 2017 was \$0. The line-of-credit is collateralized by deposit accounts of the Network.

### **Note 11 - Operating Leases**

The Network leases facilities, equipment, and tower space under non-cancelable operating leases through December 2034. Rent expense for the years ended June 30, 2018 and 2017 was \$759,527 and \$726,483, respectively.

Future minimum lease payments under these leases are as follows:

#### **For the Year Ending June 30,**

2019	\$	650,412
2020		611,331
2021		612,309
2022		391,704
2023		67,101
Thereafter		<u>33,551</u>
	\$	<u>2,366,408</u>

### **Note 12 - Rental Fee Income**

The Network leases transmission towers and commercial space to tenants under non-cancelable operating leases with terms of one to five years. Rental fee income for the years ended June 30, 2018 and 2017 was approximately \$289,000 and \$256,000, respectively.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Notes to Consolidated Financial Statements**

**Note 12 - Rental Fee Income (continued)**

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

For the Year Ending June 30,

2019	\$	78,000
2020		34,000
2021		27,000
2022		28,000
2023		29,000
Thereafter		<u>31,000</u>
	\$	<u>227,000</u>



**SUPPLEMENTARY INFORMATION**

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Financial Position  
June 30, 2018**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 1,248,970	\$ 230,006	\$ -	\$ 1,478,976
Restricted cash - capital campaign	3,339,011	-	-	3,339,011
Accounts receivable				
Contributions, grants, and other, net of allowance for doubtful accounts of \$286,892 and \$24,517, respectively	2,178,135	239,638	-	2,417,773
Program underwriting and fees, net of allowance for doubtful accounts of \$14,396 and \$3,765, respectively	1,127,845	183,570	-	1,311,415
Capital campaign pledges receivable, net	2,775,889	-	-	2,775,889
Intercompany receivables	875,703	-	(875,703)	-
Program inventory	78,901	-	-	78,901
Prepaid and other expenses	116,545	105,762	-	222,307
Investments	9,736,390	-	-	9,736,390
Investments - capital campaign	7,919,733	-	-	7,919,733
Property and equipment, net	14,364,208	790,281	-	15,154,489
Operating license	-	53,017	-	53,017
	<u>\$ 43,761,330</u>	<u>\$ 1,602,274</u>	<u>\$ (875,703)</u>	<u>\$ 44,487,901</u>
Total assets	<u>\$ 43,761,330</u>	<u>\$ 1,602,274</u>	<u>\$ (875,703)</u>	<u>\$ 44,487,901</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Accounts payable	\$ 1,000,942	\$ 31,561	\$ -	\$ 1,032,503
Accrued expenses	297,967	64,319	-	362,286
Deferred revenues	18,249	122,547	-	140,796
Deferred revenue - capital campaign	-	-	-	-
Deferred gain on sale and leaseback	765,625	-	-	765,625
Note payable	1,260,141	56,848	-	1,316,989
Intercompany payables	-	875,703	(875,703)	-
Total liabilities	<u>3,342,924</u>	<u>1,150,978</u>	<u>(875,703)</u>	<u>3,618,199</u>
Net assets				
Unrestricted	30,615,638	451,296	-	31,066,934
Temporarily restricted	9,541,051	-	-	9,541,051
Permanently restricted	261,717	-	-	261,717
Total net assets	<u>40,418,406</u>	<u>451,296</u>	<u>-</u>	<u>40,869,702</u>
Total liabilities and net assets	<u>\$ 43,761,330</u>	<u>\$ 1,602,274</u>	<u>\$ (875,703)</u>	<u>\$ 44,487,901</u>

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

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

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 758,542	\$ 251,821	\$ -	\$ 1,010,363
Restricted cash - capital campaign	2,302,941	-	-	2,302,941
Accounts receivable				
Contributions, grants, and other, net of allowance for doubtful accounts of \$361,801 and \$30,816, respectively	1,950,121	189,296	-	2,139,417
Program underwriting and fees, net of allowance for doubtful accounts of \$15,211 and \$3,989, respectively	1,024,151	182,626	-	1,206,777
Capital campaign pledges receivable, net	824,337	-	-	824,337
Intercompany receivables	990,228	-	(990,228)	-
Program inventory	76,731	-	-	76,731
Prepaid and other expenses	220,610	109,712	-	330,322
Investments	10,964,370	-	-	10,964,370
Investments - capital campaign	2,003,533	-	-	2,003,533
Property and equipment, net	12,045,599	897,599	-	12,943,198
Operating license	-	53,017	-	53,017
Total assets	<u>\$ 33,161,163</u>	<u>\$ 1,684,071</u>	<u>\$ (990,228)</u>	<u>\$ 33,855,006</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Accounts payable	\$ 571,328	\$ 35,458	\$ -	\$ 606,786
Accrued expenses	431,447	70,212	-	501,659
Deferred revenues	73,134	71,485	-	144,619
Deferred revenue - capital campaign	4,000,000	-	-	4,000,000
Deferred gain on sale and leaseback	1,020,833	-	-	1,020,833
Note payable	460,860	66,541	-	527,401
Intercompany payables	-	990,228	(990,228)	-
Total liabilities	<u>6,557,602</u>	<u>1,233,924</u>	<u>(990,228)</u>	<u>6,801,298</u>
Net assets				
Unrestricted	25,735,593	450,147	-	26,185,740
Temporarily restricted	606,251	-	-	606,251
Permanently restricted	261,717	-	-	261,717
Total net assets	<u>26,603,561</u>	<u>450,147</u>	<u>-</u>	<u>27,053,708</u>
Total liabilities and net assets	<u>\$ 33,161,163</u>	<u>\$ 1,684,071</u>	<u>\$ (990,228)</u>	<u>\$ 33,855,006</u>

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Activities  
For the Year Ended June 30, 2018**

	Rocky Mountain PBS	KUVO, LLC	Consolidated
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues, gains, and support			
Contributions			
Membership	\$ 9,710,615	\$ 1,003,465	\$ 10,714,080
Capital campaign	11,257,130	-	11,257,130
Underwriting	1,211,197	293,110	1,504,307
Bequests	486,168	-	486,168
Other gifts	490,848	83,556	574,404
Grants			
Community service grant	974,553	102,223	1,076,776
Other	2,220,663	-	2,220,663
In-kind donations	194,157	96,674	290,831
Program service revenues	6,256	-	6,256
Service fees and rental	527,162	13,156	540,318
Special events, net of expenses of \$0 and \$86,829 (in-kind revenue and expense \$86,829), respectively	-	44,553	44,553
Other	47,079	10,773	57,852
Total revenues, gains, and support	<u>27,125,828</u>	<u>1,647,510</u>	<u>28,773,338</u>
Expenses			
Program services			
Programming and production	4,292,551	643,300	4,935,851
Broadcasting	2,877,798	233,188	3,110,986
Public information	574,897	43,526	618,423
Total program services	<u>7,745,246</u>	<u>920,014</u>	<u>8,665,260</u>
Supporting services			
Management and general	1,480,084	122,559	1,602,643
Fundraising and development	3,698,796	456,572	4,155,368
Underwriting	595,170	39,896	635,066
Total supporting services	<u>5,774,050</u>	<u>619,027</u>	<u>6,393,077</u>
Building and capital campaign expenses	185,327	-	185,327
Total expenses	<u>13,704,623</u>	<u>1,539,041</u>	<u>15,243,664</u>
Change in net assets from operations	13,421,205	108,469	13,529,674
Depreciation and amortization	(531,109)	(107,320)	(638,429)
Investment loss, net of direct advisor fees of \$42,500 and \$0, respectively	668,371	-	668,371
Gain on sale and leaseback, net	256,378	-	256,378
Change in net assets	13,814,845	1,149	13,815,994
Net assets, at beginning of year	<u>26,603,561</u>	<u>450,147</u>	<u>27,053,708</u>
Net assets, at end of year	<u>\$ 40,418,406</u>	<u>\$ 451,296</u>	<u>\$ 40,869,702</u>

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

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

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

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Functional Expenses  
For the Year Ended June 30, 2018**

	Rocky Mountain PBS							KUVO, LLC							Consolidated Total	
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Building and Capital Campaign	Rocky Mountain PBS Total	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting		KUVO, LLC Total
Personnel and payroll taxes	\$ 1,615,674	\$ 980,752	\$ 401,534	\$ 768,230	\$ 916,873	\$ 451,021	\$ 61,478	\$ 5,195,562	\$ 499,342	\$ 22,347	\$ 37,174	\$ 1,167	\$ 206,755	\$ -	\$ 766,785	\$ 5,962,347
Program acquisitions	1,408,589	-	-	-	-	-	-	1,408,589	100,551	10,408	-	-	-	-	110,959	1,519,548
Professional services	671,696	77,082	38,084	391,288	1,267,433	42,457	105,191	2,593,231	32,114	83,247	5,487	11,380	27,405	-	159,633	2,752,864
Mailing and shipping	5,803	2,650	307	5,985	877,779	302	228	893,054	-	369	-	10,911	38,450	-	49,730	942,784
Printing and duplicating	7,172	4,336	4,615	23,024	15,178	6,349	79	60,753	-	-	140	-	5,473	-	5,613	66,366
Building, distribution, and software	658	1,263,825	-	12,533	45,500	-	804	1,323,320	4,091	45,042	-	80,388	-	-	129,521	1,452,841
Building rent	175,195	32,096	1,013	24,122	19,787	7,661	-	259,874	-	-	-	-	-	-	-	259,874
Subscriptions, dues, and licenses	84,083	46,826	1,443	49,635	93,424	60	219	275,690	3,450	-	-	13,074	1,950	-	18,474	294,164
Premiums, advertising, and promotions	185,083	2,322	97,405	3,980	370,258	2,950	-	661,998	-	-	660	375	13,201	9,345	23,581	685,579
Supplies and videotapes	22,855	79,369	13,723	11,835	6,160	294	50	134,286	490	5,788	65	288	677	-	7,308	141,594
Travel, parking, and mileage	52,219	26,464	8,638	24,261	14,579	8,564	925	135,650	566	611	-	1,611	2,984	-	5,772	141,422
Insurance	29,882	-	-	67,568	208	-	-	97,658	-	-	-	-	-	-	-	97,658
Telephone and connectivity	6,418	157,372	48	21,308	3,125	1,564	-	189,835	-	42,327	-	-	150	-	42,477	232,312
Interest	-	-	-	2,678	5,086	-	-	7,764	-	-	-	3,365	-	-	3,365	11,129
Training and meetings	18,683	33,350	7,958	62,590	56,622	16,823	10,648	206,674	1,896	-	-	-	62,321	890	65,107	271,781
Repairs and maintenance	168	119,217	-	1,987	-	-	-	121,372	-	23,049	-	-	-	-	23,049	144,421
Temporary assistance	-	21,418	-	-	-	-	-	21,418	-	-	-	-	-	-	-	21,418
Special events	643	4,760	-	8,796	6,153	66	3,205	23,623	800	-	-	-	97,206	-	98,006	121,629
Recruiting	1,858	-	129	264	514	-	-	2,765	-	-	-	-	-	-	-	2,765
Indirect costs	4,232	-	-	-	-	-	-	4,232	-	-	-	-	-	-	-	4,232
Bad debt	1,640	25,959	-	-	117	57,059	2,500	87,275	-	-	-	-	-	29,661	29,661	116,936
Total expenses before depreciation	4,292,551	2,877,798	574,897	1,480,084	3,698,796	595,170	185,327	13,704,623	643,300	233,188	43,526	122,559	456,572	39,896	1,539,041	15,243,664
Depreciation	47,103	418,358	-	28,223	36,468	958	-	531,110	79,396	13,722	-	11,115	1,261	1,825	107,319	638,429
Total expenses	\$ 4,339,654	\$ 3,296,156	\$ 574,897	\$ 1,508,307	\$ 3,735,264	\$ 596,128	\$ 185,327	\$ 14,235,733	\$ 722,696	\$ 246,910	\$ 43,526	\$ 133,674	\$ 457,833	\$ 41,721	\$ 1,646,360	\$ 15,882,093

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

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

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