

KUTE, INC.

**FINANCIAL STATEMENTS AND
AUDITORS' REPORT**

September 30, 2012 and 2011



FREDRICKZINK & Associates

A professional corporation. | CPAs

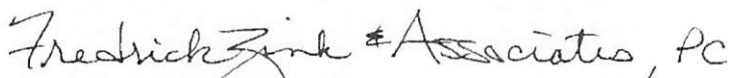
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
KUTE, Inc.
Ignacio, Colorado

We have audited the accompanying balance sheets of KUTE, Inc. (a non-profit corporation) as of September 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KUTE, Inc., as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



FredrickZink & Associates, PC
November 28, 2012

FINANCIAL STATEMENTS

KUTE, INC.

BALANCE SHEETS September 30, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents.....	\$ 223,631	\$ 98,074
Pledges receivable, net (Note 2).....	43,151	44,585
Accounts receivable, net (Note 2).....	45,556	48,606
Grants receivable (Note 2).....	-	104,896
Prepaid expenses.....	11,790	13,746
Total current assets	<u>324,128</u>	<u>309,907</u>
Other assets		
Construction in progress (Note 3).....	67,741	65,062
Property and equipment, net (Note 4).....	296,186	460,831
Intangible assets (Note 5).....	66,844	66,844
Restricted cash (Note 6).....	29,431	32,995
Cash designated for capital campaign (Note 6).....	29,985	29,981
Total other assets	<u>490,187</u>	<u>655,713</u>
Total assets	<u>\$ 814,315</u>	<u>\$ 965,620</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable.....	\$ 17,441	\$ 11,876
Accrued liabilities.....	47,295	66,472
Deferred revenue.....	20,077	31,463
Total current liabilities	<u>84,813</u>	<u>109,811</u>
Net assets (Note 8)		
Unrestricted net assets.....	632,730	757,752
Temporarily restricted net assets.....	96,772	98,057
Total net assets	<u>729,502</u>	<u>855,809</u>
Total liabilities and net assets	<u>\$ 814,315</u>	<u>\$ 965,620</u>

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

KUTE, INC.

STATEMENTS OF ACTIVITIES For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted net assets activity:		
Support and revenue		
Contributions and memberships.....	\$ 297,144	\$ 335,546
Business underwriting.....	416,701	372,408
CPB grants.....	247,956	257,003
Foundation grants.....	-	5,000
Special events.....	69,262	49,608
In-kind support from Southern Ute Indian Tribe (Note 11).....	126,200	112,100
Other income.....	49	132
	<u>1,157,312</u>	<u>1,131,797</u>
Released from restriction in satisfaction of program restrictions.....	1,285	290,130
Total revenue and support.....	<u>1,158,597</u>	<u>1,421,927</u>
Expenses and losses		
Operating expenses (Note 9)		
Production and programming.....	379,865	404,837
Broadcasting.....	137,273	117,027
Program information and promotion.....	29,177	21,996
Management and general.....	245,152	210,054
Fundraising and membership development.....	217,653	230,613
Underwriting and grant solicitation.....	94,455	76,555
Depreciation.....	164,646	138,322
Total operating expenses.....	<u>1,268,221</u>	<u>1,199,404</u>
Capital campaign expenses.....	15,398	-
Return to grantor.....	-	6,830
Loss on disposal of property.....	-	3,165
Total expenses and losses.....	<u>1,283,619</u>	<u>1,209,399</u>
Change in unrestricted net assets.....	<u>(125,022)</u>	<u>212,528</u>
Temporarily restricted net assets activity:		
Federal government grants.....	-	155,945
Foundation grants.....	-	12,500
Released from restriction in satisfaction of program restrictions.....	<u>(1,285)</u>	<u>(290,130)</u>
Change in temporarily restricted net assets.....	<u>(1,285)</u>	<u>(121,685)</u>
Change in total net assets.....	(126,307)	90,843
Total net assets, beginning of year.....	<u>855,809</u>	<u>764,966</u>
Total net assets, end of year.....	<u>\$ 729,502</u>	<u>\$ 855,809</u>

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