



# COMMUNITY RADIO FOR NORTHERN COLORADO

## FINANCIAL STATEMENTS

Years Ended September 30, 2017 and 2016



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## Independent Auditors' Report

Board of Directors  
Community Radio for Northern Colorado  
Greeley, Colorado

We have audited the accompanying statements of financial position of Community Radio for Northern Colorado (a nonprofit organization) as of September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Community Radio for Northern Colorado as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Anderson & Whitney, P.C.*

December 22, 2017

# COMMUNITY RADIO FOR NORTHERN COLORADO

## STATEMENTS OF FINANCIAL POSITION

September 30	2017	2016
<b>ASSETS</b>		
Current Assets:		
Cash on hand and in banks	\$ 761,477	\$ 762,496
Receivables:		
Underwriting (net)	137,839	120,021
Other	2,000	16,000
Prepaid expenses	36,825	35,578
<b>Total Current Assets</b>	<b>938,141</b>	<b>934,095</b>
Investments:		
Contingency funds	431,099	360,188
Endowment account	343,906	302,885
<b>Total Investments</b>	<b>775,005</b>	<b>663,073</b>
Property and Equipment:		
Music library	42,400	42,400
Leasehold improvements	63,979	57,419
Equipment and furniture	1,375,314	1,366,543
	1,481,693	1,466,362
Less: Accumulated depreciation	(1,085,643)	(981,221)
<b>Total Property and Equipment</b>	<b>396,050</b>	<b>485,141</b>
Intangible Assets:		
FCC licenses	4,181,447	4,181,447
<b>TOTAL ASSETS</b>	<b>\$ 6,290,643</b>	<b>\$ 6,263,756</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 24,569	\$ 34,504
Accrued payroll	29,081	29,241
Deferred revenue	77,000	-
<b>Total Current Liabilities</b>	<b>130,650</b>	<b>63,745</b>
Long-Term Debt	1,300,000	1,950,000
<b>Total Liabilities</b>	<b>1,430,650</b>	<b>2,013,745</b>
Net Assets:		
Unrestricted:		
Undesignated	3,494,279	3,169,205
Board designated:		
Operating reserves	766,356	577,774
Capital reserves	255,452	200,147
Temporarily restricted	198,231	157,210
Permanently restricted	145,675	145,675
<b>Total Net Assets</b>	<b>4,859,993</b>	<b>4,250,011</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,290,643</b>	<b>\$ 6,263,756</b>

See Accompanying Notes to Financial Statements.

# COMMUNITY RADIO FOR NORTHERN COLORADO

## STATEMENTS OF ACTIVITIES

Years Ended September 30	2017	2016
Change in Unrestricted Net Assets:		
Revenue from Operations:		
Underwriting	\$ 1,106,415	\$ 957,399
Capitol reporting project	53,435	-
Total Revenue from Operations	1,159,850	957,399
Public Support:		
Contributions	2,577,790	2,195,102
Special events	-	2,277
CPB Grants	263,237	215,738
Other grants	16,676	23,994
Total Public Support	2,857,703	2,437,111
Total Revenue and Public Support	4,017,553	3,394,510
Expenses from Operations:		
Program Services:		
Programming and production	1,913,400	1,743,242
Broadcasting	474,627	474,925
Program information	72,147	54,320
Total Program Services	2,460,174	2,272,487
Supporting Services:		
Management and general	399,316	372,173
Fundraising and membership development	634,569	632,778
Total Supporting Services	1,033,885	1,004,951
Total Expenses from Operations	3,494,059	3,277,438
Revenue and Public Support Over Expenses	523,494	117,072
Nonoperating Revenue (Expense):		
Interest on bank accounts	728	1,350
Investment earnings, gains and losses	46,479	31,097
Loss on disposal of assets	(1,740)	-
Total Nonoperating Revenue	45,467	32,447
Increase in Unrestricted Net Assets	568,961	149,519
Change in Temporarily Restricted Net Assets:		
Investment earnings, gains and losses	41,021	25,709
Increase in Temporarily Restricted Net Assets	41,021	25,709
Increase in Net Assets	609,982	175,228
Net Assets, Beginning of Year	4,250,011	4,074,783
Net Assets, End of Year	\$ 4,859,993	\$ 4,250,011

See Accompanying Notes to Financial Statements.

# COMMUNITY RADIO FOR NORTHERN COLORADO

## STATEMENTS OF CASH FLOWS

Years Ended September 30	2017	2016
<b>Cash Flows From Operating Activities:</b>		
Cash received (paid) for:		
Underwriting	\$ 1,087,519	\$ 956,803
Contributions and grants	2,810,270	2,383,266
Capitol coverage	53,435	-
Interest income	728	1,351
Interest expense	(113,807)	(64,246)
Salaries and benefits	(1,821,774)	(1,665,241)
Payments to vendors	(1,434,337)	(1,448,217)
<b>Net Cash Provided by Operating Activities</b>	<b>582,034</b>	<b>163,716</b>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments	100,000	50,782
Purchase of:		
Investments	-	(15,800)
Property, equipment, and intangibles	(33,053)	(64,964)
Purchase of KJAC-FM	-	(1,120,000)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>66,947</b>	<b>(1,149,982)</b>
<b>Cash Flows From Financing Activities:</b>		
Principal payments on long-term borrowings	(650,000)	(50,000)
<b>Net Cash Used by Financing Activities</b>	<b>(650,000)</b>	<b>(50,000)</b>
Net Decrease in Cash and Cash Equivalents	(1,019)	(1,036,266)
Cash and Cash Equivalents, Beginning of Year	762,496	1,798,762
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 761,477</b>	<b>\$ 762,496</b>
<b>Reconciliation of Change in Net Assets to Net Cash</b>		
Provided by Operating Activities:		
Increase in net assets	\$ 609,982	\$ 175,228
Adjustments:		
Donated stock	(124,433)	(54,064)
Bad debt expense	1,078	2,807
Depreciation	120,405	135,694
(Gain) loss on investments	(75,246)	(43,346)
(Gain) loss on disposal of assets	1,740	-
Net investment earnings reinvested	(12,254)	(13,460)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	(4,896)	(5,541)
Prepaid expenses	(1,247)	(10,967)
Increase (decrease) in:		
Accounts payable	(9,935)	(21,279)
Accrued expenses	(160)	(1,356)
Deferred revenue	77,000	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 582,034</b>	<b>\$ 163,716</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Purchase of KJAC-FM through note payable	\$ -	\$2,000,000

See Accompanying Notes to Financial Statements.

# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies:

Community Radio for Northern Colorado (CRNC) is a non-profit, community-based corporation serving Colorado through its noncommercial network of radio station licenses and translator licenses. CRNC was incorporated on February 12, 2001.

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#### Organization and History:

CRNC's mission is to cultivate the mind and spirit, to inform, inspire and entertain, and to strengthen community. CRNC strives to meet its mission by operating two public media services – KUNC, a NPR-affiliated news and information public radio station and The Colorado Sound, a locally hosted music discovery public radio station. In addition, CRNC has an active digital media presence for both of its content services.

CRNC's original station license is KUNC-FM, a 36,000 watt public radio station. The Station began broadcasting January 1, 1967 as a 10 watt local station and was owned by the University of Northern Colorado. In 2001, the University of Northern Colorado announced its intentions to sell the station. The community of KUNC supporters raised the funds necessary for CRNC to purchase the station from the University of Northern Colorado, and thus ensure the station's survival as a northern Colorado public radio station.

KUNC blends nationally produced programming with stories from CRNC's regional news department to provide a mix of international, national, and regional news for its audience. CRNC's regional news department focuses on enterprise journalism and breaking news coverage.

In 2016, CRNC purchased the 50,000 watt radio station license KJAC-FM, and launched a non-commercial full time music discovery station with a format that embraces a diverse range of music, including rock, blues, country, and singer-songwriter. The music station is branded as The Colorado Sound. A combination of capital reserves, major gifts, and financing was used for the purchase.

CRNC operates KUNC-FM (Greeley/Fort Collins), KJAC-FM (Timnath), KRNC-FM (Steamboat Springs), KENC-FM (Estes Park), KVNC-FM (Minturn/Vail), and KMPB-FM (Breckenridge) and 13 translators heard across northern Colorado by over 260,000 listeners. CRNC is professionally managed and operated, and is on the air 24 hours a day, 365 days a year.

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#### Accrual Basis:

The financial statements of CRNC have been prepared on the accrual basis. Under the accrual basis of accounting, assets, liabilities, revenues, and expenses are recorded when earned or incurred, regardless of when received or paid in cash.

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# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Cash and Cash Equivalents:

CRNC considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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#### Investments:

Investments are composed of mutual funds investing in equity and debt securities and are stated at fair value.

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#### Income Taxes:

CRNC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that CRNC is not considered a private foundation under the Internal Revenue Code.

Tax penalties and interest, if any, would be classified with income tax expense in the financial statements. No tax penalties or interest have been incurred or are recognized in the financial statements. Generally, three tax years remain subject to examination by tax jurisdictions.

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#### Grant Revenue Recognition:

Grant funds which are restricted by the donor for specified projects or purposes are recognized as revenue when related expenditures are incurred. Unexpended grant funds, if any, are recorded as deferred revenue at the balance sheet date.

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#### Contributions:

Unrestricted contributions are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions with donor restrictions are recognized as restricted revenue. Generally, donors place restrictions on contributions for a specific time period and/or a specific use or purpose. Once donor restrictions have been satisfied, temporarily restricted revenue is released and reclassified as unrestricted revenue. If a restriction is fulfilled in the same year in which the contribution is received, the entity reports the support as unrestricted.

Net assets subject to donor-imposed stipulations that they be maintained permanently by CRNC are classified as permanently restricted. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general purposes.

# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Contributions – Continued:

Restrictions on gifts of property or equipment or gifts restricted to the purchase of property or equipment, if any, are satisfied when the assets are placed in service.

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#### In-Kind Contributions and Donated Services:

The value of donated volunteer services and contributed support is not valued or recorded in the accompanying statement of activities as it is immaterial to the financial statements.

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#### Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditors' report.

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#### Property and Equipment:

Fixed assets are recorded at cost or, in the case of donated equipment, at its fair value at the date of receipt. Fixed assets with a unit cost of \$1,000 or more are capitalized if they will benefit CRNC more than one year.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 20 years.

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#### Allocation of Management and Fundraising Expenses:

Expenses incurred for management and fundraising purposes are allocated based upon direct costs and estimated indirect costs related to these categories.

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#### Compensated Absences:

CRNC employees accrue paid time off based on length of service. Unused paid time off of four days can be carried over beyond the employee's hiring anniversary date.

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#### Use of Estimates:

The preparation of CRNC's financial statements on the basis of accounting described above requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

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# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Underwriting Receivables:

Receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus underwriting receivables do not bear interest.

Underwriting receivables are periodically evaluated for collectability based on past credit history with sponsors and their current financial condition. An allowance of \$5,000 for uncollectible receivables is considered necessary at September 30, 2017 and 2016.

#### Barter Transactions:

Revenue and expense from barter transactions (underwriting acknowledgements provided in exchange of services) is not recognized in the financial statements as the fair value is not readily determinable. Approximately 7,500 fifteen second on-air announcements are provided annually in exchange for recognition of being a media sponsor for various events and organizations.

### NOTE 2 – Investments:

September 30	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Contingency Fund:				
Fixed Income	\$ --	\$ --	\$ 15,057	\$ 15,026
Money Market Funds	3,448	3,448	3,084	3,084
Bond Funds	120,956	120,496	54,976	54,621
Equity Funds	266,301	307,155	281,134	287,457
Total Contingency Fund	390,705	431,099	354,251	360,188
September 30	2017		2016	
Endowment Fund:				
Fixed Income	--	--	15,057	15,026
Money Market Funds	2,933	2,933	2,667	2,667
Bond Funds	74,486	73,812	58,449	58,105
Equity Funds	227,743	267,161	225,283	227,087
Total Endowment Fund	305,162	343,906	301,456	302,885
Total Investments	\$ 695,867	\$ 775,005	\$ 655,707	\$ 663,073

# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 – Investments – Continued:

The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board Codification establishes a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

Description	September 30, 2017 Amortized Cost	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Securities	\$ 695,867	\$ 775,005	\$ --	\$ --

Description	September 30, 2016 Amortized Cost	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Securities	\$ 655,707	\$ 663,073	\$ --	\$ --

Investment earnings consist of the following:

Years Ended September 30	2017	2016
Unrestricted:		
Interest and dividends	\$ 10,128	\$ 10,198
Net realized gains (losses) on investments	4,998	(2,687)
Net unrealized gains (losses) on investments	34,455	26,410
Investment fees	(3,102)	(2,824)
Investment Earnings (Losses) - Net	\$ 46,479	\$ 31,097

# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – Investments – Continued:

Years Ended September 30	2017	2016
Temporarily Restricted:		
Interest and dividends	\$ 7,792	\$ 8,435
Net realized gains (losses) on investments	(1,464)	(2,542)
Net unrealized gains (losses) on investments	37,257	22,167
Investment fees	(2,564)	(2,351)
Investment Earnings (Losses) - Net	\$ 41,021	\$ 25,709

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### NOTE 3 – Temporarily Restricted Net Assets:

Temporarily restricted assets are available for the following purposes:

September 30	2017	2016
Unappropriated endowment funds	\$ 198,231	\$ 157,210

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### NOTE 4 – Operating Leases:

CRNC leases office space maturing in 2026 and transmitter towers maturing between 2018 through 2027. In July 2017, CRNC modified their office lease to include additional space.

Future minimum payments by year under non-cancellable operating leases consist of the following at September 30, 2017:

Year Ending September 30	Amount
2018	\$ 177,352
2019	172,919
2020	168,333
2021	168,874
2022	168,197
Thereafter	619,220
	<u>\$1,474,895</u>

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Rental expense for all operating leases was approximately \$192,460 and \$180,200 for the years ended September 30, 2017 and 2016, respectively.

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# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 5 – Line of Credit:**

CRNC maintains a line of credit agreement with a bank for \$100,000. The line bears interest at the bank's prime rate plus 2%, or 6.0% and 5.5% at September 30, 2017 and 2016, respectively. There was no balance on the line at September 30, 2017 and 2016 and the line is set to expire in April 2018.

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### **NOTE 6 – Long-Term Debt:**

In March 2016, CRNC obtained financing for the purchase of KJAC-FM with a \$2,000,000 promissory note from a foundation of philanthropic funds. The loan matures on March 31, 2021, with interest-only payments due quarterly until paid in full. The floating interest rate equals the Prime Rate as published in The Wall Street Journal plus 3%, or 7.25% currently. The balance on the note at September 30, 2017 and 2016 was \$1,300,000, and \$1,950,000, respectively. The note is collateralized by KJAC-FM assets.

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### **NOTE 7 – Retirement Plan:**

CRNC maintains a 403(b) tax-deferred annuity plan for all employees. Employees have the option of directing part of their pay into the plan. The employee deferral is matched equally by CRNC up to a maximum of 6% of the employee's annual salary. CRNC contributions for the years ended September 30, 2017 and 2016 were \$68,754 and \$62,170, respectively.

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### **NOTE 8 – Intangible Assets:**

On April 2, 2001, CRNC completed an asset purchase agreement with the University of Northern Colorado (UNC) to purchase KUNC-FM and its related assets. On August 2, 2001, the University transferred all licenses issued by the Federal Communications Commission (FCC) for the operation of KUNC-FM to CRNC as well as all other related assets.

On December 7, 2015, CRNC reached an agreement to purchase the radio station license for KJAC-FM and its related assets, for \$3,000,000. On April 5, 2016, the purchase was finalized with closing costs of \$120,000. The seller transferred all licenses issued by the Federal Communications Commission (FCC) for the operation of KJAC-FM to CRNC as well as all other related assets.

# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8 – Intangible Assets – Continued:

The FCC licenses, including those subsequently purchased, are considered to have an indefinite life and therefore are not amortized. The primary licenses expire in April 2021 and can be renewed. The useful life of licenses will be evaluated each year and if any are determined to have a definite useful life, the asset will be amortized over the remaining years.

Management has performed a qualitative assessment and determined that it is unlikely that intangible assets are impaired.

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### NOTE 9 – Endowments:

The Board of Directors of CRNC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, CRNC generally 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. In accordance with UPMIFA, CRNC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The endowment funds may be invested in high quality, publicly traded common and preferred stocks, convertible bonds, bank common funds, mutual funds, fixed income securities and other assets as authorized by the Board of Directors of CRNC from time to time. The nature of the assets involved and the long-term objectives of CRNC suggest utilizing a total return approach to investment management.

The CRNC endowment seeks preservation of principal and to provide a dependable and reasonable rate of long term investment return consistent with moderate investment risk. The primary investment objective of the endowment is to achieve a total annual return measured on a three-year moving average basis, at least equal to the rate of inflation plus five percent (5%).

# COMMUNITY RADIO FOR NORTHERN COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9 – Endowments - Continued:

CRNC has a policy of appropriating for distribution each year up to 4% of the average of the permanent endowment's market values on June 30th for each of the five immediately preceding years, as approved by the CRNC Board, in accordance with the endowment mission and purpose. In the years ended September 30, 2017 and 2016, the Board of Directors did not appropriate this distribution.

If the spending allocation amount of the permanent endowment would cause the CRNC permanent endowment's value to fall below its original gift value level, then the annual spending allocation amount is limited to the amount in excess of the original gift value.

Following are the changes in endowment net assets for the year ended September 30, 2017:

	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 157,210	\$ 145,675
Administration fees	(2,564)	--
Net appreciation	35,793	--
Investment income	7,792	--
Endowment net assets, end of year	\$ 198,231	\$ 145,675

Following are the changes in endowment net assets for the year ended September 30, 2016:

	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 131,502	\$ 145,675
Administration fees	(2,351)	--
Net appreciation	19,624	--
Investment income	8,435	--
Endowment net assets, end of year	\$ 157,210	\$ 145,675

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### NOTE 10 – Subsequent Events:

In October 2017, CRNC refinanced their debt through two bank loans in the amount of \$800,000 and \$500,000. The \$800,000 promissory note maintains a fixed interest rate equal to 4.87% over the term of the loan. The \$500,000 promissory note maintains a variable interest rate equal to London Inter-bank Offered Rate (LIBOR) as published by The Wall Street Journal plus 2.5%, or 3.74% currently. Monthly payments on the two loans total approximately \$17,000 with the first payment beginning November 2017. Both loans mature on October 17, 2024.



# COMMUNITY RADIO FOR NORTHERN COLORADO

## Schedule of Functional Expenses

Years Ended September 30	Program Services			Total Program Services	Management and General	Fundraising and Membership Development	2017 Total	2016 Total
	Programming and Production	Broadcasting	Program Information					
Salaries and Benefits	\$ 1,076,466	\$ 101,936	\$ 43,652	\$ 1,222,054	\$ 157,679	\$ 438,597	\$ 1,818,330	\$ 1,657,367
Advertising	-	-	2,612	2,612	-	-	2,612	2,849
Bad Debt Expense	-	-	-	-	-	1,078	1,078	2,807
Bank and Credit Card Fees	-	-	-	-	2,194	55,398	57,592	48,933
Business Insurance	7,745	3,847	-	11,592	8,176	-	19,768	19,244
Depreciation	4,683	108,721	-	113,404	6,119	882	120,405	135,694
Dues and Memberships	10,528	772	-	11,300	1,738	5,918	18,956	16,524
Equipment Maintenance	1,745	13,274	-	15,019	1,853	-	16,872	18,547
Information Technology	40,277	20,656	19,483	80,416	19,954	30,713	131,083	105,896
Interest Expense	-	-	-	-	113,807	-	113,807	64,246
Occupancy	69,997	12,031	-	82,028	30,461	-	112,489	106,615
Other Expense	9,032	-	2,076	11,108	11,786	2,763	25,657	17,177
Purchased Services	88,948	3,700	339	92,987	18,220	17,813	129,020	182,660
Postage and Postal Services	-	244	-	244	3,521	22,726	26,491	28,971
Premiums & Promotional	-	-	2,665	2,665	-	31,644	34,309	36,620
Printing	-	-	931	931	1,004	15,696	17,631	14,607
Professional Development	9,926	70	-	9,996	6,906	6,095	22,997	19,079
Programming and Delivery Fees	557,581	25,910	-	583,491	-	-	583,491	559,792
Special Events	-	-	-	-	-	-	-	1,130
Supplies	14,246	19,182	134	33,562	7,370	757	41,689	43,134
Telephone	18,250	10,015	-	28,265	6,826	3,345	38,436	46,471
Tower Rent and Electricity	-	149,435	-	149,435	-	-	149,435	140,312
Travel	2,997	1,895	255	5,147	394	1,144	6,685	3,443
Vehicle Expense	979	2,939	-	3,918	1,308	-	5,226	5,320
<b>Total Expenses</b>	<b>\$ 1,913,400</b>	<b>\$ 474,627</b>	<b>\$ 72,147</b>	<b>\$ 2,460,174</b>	<b>\$ 399,316</b>	<b>\$ 634,569</b>	<b>\$ 3,494,059</b>	<b>\$ 3,277,438</b>