

**KRCC – FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE COLORADO COLLEGE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2018 AND 2017

**KRCC – FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE COLORADO COLLEGE
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YEARS ENDED JUNE 30, 2018 AND 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Colorado College and KRCC – FM Radio Station
Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of KRCC – FM Radio (the Station), a public telecommunications entity operated by The Colorado College, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 the Station as of June 30, 2018 and 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed in the table of contents 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 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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 2, 2018

KRCC – FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE COLORADO COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$26,180 and \$7,584, in 2018 and 2017, Respectively)	\$ 62,012	\$ 61,724
Inventories	7,515	12,881
Prepaid Expenses	43,029	39,125
Total Current Assets	112,556	113,730
EQUIPMENT		
Broadcasting/Transmission	219,401	213,211
Studio/Programming Production	31,480	31,480
Less: Accumulated Depreciation	(225,354)	(220,691)
Total Equipment	25,527	24,000
Total Assets	\$ 138,083	\$ 137,730
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Due to The Colorado College	\$ 328,554	\$ 376,095
Accounts Payable	15,200	2,414
Accrued Liabilities	43,003	43,061
Deferred Revenue	37,400	32,996
Total Current Liabilities	424,157	454,566
NET ASSETS (DEFICIT)		
Unrestricted	(286,074)	(316,836)
Total Liabilities and Net Assets (Deficit)	\$ 138,083	\$ 137,730

See accompanying Notes to Financial Statements.

KRCC – FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE COLORADO COLLEGE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
REVENUES, GAINS, AND OTHER SUPPORT		
Underwriting	\$ 657,038	\$ 615,004
Membership/Subscriptions	886,992	811,506
Donated Administrative Services	426,612	646,302
Grants	145,395	150,768
Contribution from The Colorado College	100,000	100,000
Sponsorship	-	2,500
Miscellaneous Income	79,528	97,880
Total Revenues, Gains and Other Support	2,295,565	2,423,960
EXPENSES		
Program Services		
Local Programming and Production	1,237,159	1,252,020
Total Program Services	1,237,159	1,252,020
Support Services		
Management and General	606,004	842,291
Fundraising and Membership Development	421,640	290,223
Total Expenses	2,264,803	2,384,534
CHANGE IN NET ASSETS	30,762	39,426
Net Assets (Deficit) - Beginning of Year	(316,836)	(356,262)
NET ASSETS (DEFICIT) - END OF YEAR	\$ (286,074)	\$ (316,836)

See accompanying Notes to Financial Statements.

KRCC – FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE COLORADO COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 30,762	\$ 39,426
Items Not Requiring (Providing) Operating Activities Cash Flows		
Depreciation	4,663	-
Provision for Bad Debt	18,596	(805)
Contribution from The Colorado College	(100,000)	(100,000)
Changes in		
Accounts Receivable	(18,884)	(26,521)
Inventories	5,366	4,408
Prepaid Expenses	(3,904)	(17,795)
Accounts Payable	12,786	(80,688)
Accrued Liabilities	(58)	9,283
Deferred Revenue	4,404	(13,508)
Net Cash Used by Operating Activities	(46,269)	(186,200)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Due to The Colorado College	52,459	209,915
Increase in Property and Equipment	(6,190)	(24,000)
Net Cash Provided by Financing Activities	46,269	185,915
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	(285)
Cash and Cash Equivalents, Beginning of Year	-	285
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ -
NONCASH ACTIVITIES		
In-Kind Goods and Services	\$ 501,686	\$ 742,002

See accompanying Notes to Financial Statements.

**KRCC – FM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE COLORADO COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Organization

KRCC-FM Radio (the Station) is a National Public Radio member station operated by The Colorado College (the College). The Station is included in the College's financial statements as a part of its general operations and is exempt from federal income tax as part of the College's exemption under Internal Revenue Code (IRC) Section 501(c)(3). The Station's revenues are predominately earned from underwriting, membership/subscriptions, donations, and grants.

Due to/from The Colorado College

The College holds the majority of cash and cash equivalents and processes all transactions for the Station. The amounts held by the College on behalf of the Station are reported as due to/from The Colorado College on the statement of financial position. Amounts due to the College represent all the College cash used in support of the Station's operations. During the years ended June 30, 2018 and 2017, the College provided \$100,000 in support of the Station, which was recorded as a reduction in the amount due to the College and contribution revenue in the accompanying financial statements.

Accounts Receivable

Accounts receivable primarily consist of amounts due for underwriting from various businesses and organizations. The Station provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Interest is not accrued on unpaid accounts. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Inventories

Inventories primarily consist of coupons and prizes received in exchange for services or donated to the Station. The Station uses them for fundraising projects. Inventories are recorded at fair value using the specific identification method.

Equipment

Equipment is recorded at cost or, if donated, at the estimated fair market value at date of donation. Depreciation is provided over the estimated useful life of the assets (seven years) using the straight-line method.

**KRCC – FM RADIO
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment (Continued)

To qualify as capital expenses, costs must (1) be significant in amount; (2) provide benefit to the Station over more than one accounting period; and (3) increase the productive capacity or useful life of the asset. Costs that meet all three criteria are added to the value of the affected asset and depreciated over the remaining useful life of that asset. Costs that do not meet all three criteria will be expensed in the operating period in which they occur. To be considered significant in amount, an improvement, renovation, or restoration project must have total costs greater than or equal to \$25,000. Purchased and donated furniture and equipment items must have a value of \$5,000 or more at the date of acquisition or donation to be considered for capitalization.

Revenue Recognition

Underwriting support is recognized as revenue when the underwriting message is broadcast. Underwriting support received in advance is reported as deferred revenue.

The Station reports gifts of cash and other assets received without donor stipulations as unrestricted revenue and net assets. Gifts received with donor stipulations that limit their use are reported as temporarily or permanently restricted revenue and net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by donors and for which the restriction is met in the same reporting period are reported as temporarily restricted and then released from restriction. For the years ended June 30, 2018 and 2017, the Station received no temporarily or permanently restricted gifts.

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

Donated administrative services are comprised of contributed services by the College and are valued at approximately fair value of the services rendered. In addition, the College contributes rental space and utilities. An amount equal to the contribution amount is also recorded as expense. For fiscal years 2018 and 2017, total contributed services from the College were \$426,612 and \$646,302, respectively.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

In addition to receiving cash contributions, the Station receives in-kind contributions of advertising from various donors. It is the policy of the Station to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase underwriting revenue by a like amount. For the years ended June 30, 2018 and 2017, \$75,074 and \$95,700, respectively, was received in in-kind contributions.

Grants

Support funded by grants is recognized as the Station performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Certain grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Advertising Costs

The Station expenses the cost of advertising the first time advertising takes place. Advertising expense for the years ended June 30, 2018 and 2017 was \$84,428 and \$104,669, respectively.

Functional Allocation of Expenses

The costs of providing the various programs, support services, and other activities have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 PENSION PLANS

All employees of the Station with one year of service are eligible to participate in a defined contribution retirement plan administered by Teachers Insurance and Annuity Association/College Retirement Equities Fund. Upon the attainment of age 30, eligible employees are required to participate and make contributions equivalent to 5% of their salary. For employees hired before July 1, 1991, the Station contributes 6% of salary up to the first half of the median faculty/administrator salary and 11% of the balance of their salary. The Station contributes 10% of salary for all other employees. Total pension expense was \$51,760 and \$42,122 for the years ended June 30, 2018 and 2017, respectively.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 3 COMMITMENTS

Leases

An agreement was entered into between the Station and the College whereby the Station will rent their location from the College for \$1,823 per month on a month-to-month basis. During the years ended June 30, 2018 and 2017, the College provided in-kind support in lieu of charging rent. Rental expense for the location was \$21,876 for the years ended June 30, 2018 and 2017. Rent expense has been included in donated services, facilities, and administrative support in the accompanying schedule of functional expenses.

The Station also leases tower space for various translators under operating leases with third parties. Operating lease expense under these leases was \$100,022 and \$98,689 for the years ended June 30, 2018 and 2017, respectively. Following is a schedule of future minimum lease payments under the operating leases as of June 30, 2018:

2019	\$	68,634
2020		64,472
2021		61,012
2022		56,312
2023		56,312
Thereafter		<u>158,135</u>
Total	\$	<u><u>464,876</u></u>

NOTE 4 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

The Station received approximately 23% and 30% of its revenue from the College in the form of donated services and contributions for the years ended June 30, 2018 and 2017, respectively.

NOTE 5 INCOME TAXES

The Station as part of the College is exempt from federal income taxes under Section 501(c)(3) of the IRC. The Station has adopted the requirements related to accounting for uncertain tax positions. The Station evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2018 and 2017.

NOTE 6 SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 2, 2018, which is the date the financial statements were available to be issued.

KRCC – FM RADIO
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THE COLORADO COLLEGE
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services	Support Services			Total Expenses
	Local Programming and Production	Management and General	Fundraising and Membership Development	Total Support Services	
Salaries					
Administrative	\$ 469,534	\$ -	\$ 124,689	\$ 124,689	\$ 594,223
Student	1,695	-	-	-	1,695
Part-time	50,973	-	20,428	20,428	71,401
Fringe Benefits	175,728		39,028	39,028	214,756
Donated Services, Facilities, and Administrative Support	41,555	385,057		385,057	426,612
Professional Services	24,110	15,385	105,625	121,010	145,120
Supplies and Materials	1,043	2,197	443	2,640	3,683
Postage	19	3,000	37,503	40,503	40,522
Telephone	1,950	14,632	-	14,632	16,582
Printing and Publications	549	137	10,511	10,648	11,197
Travel, Meetings, Conferences	9,757	7,195	13,276	20,471	30,228
Advertising	30,410	1,335	52,683	54,018	84,428
Bad Debts	-	18,596	-	18,596	18,596
Maintenance and Repairs	-	473	-	473	473
Dues and Memberships	429,189	34,629	16,018	50,647	479,836
Equipment	647	7,108	-	7,108	7,755
Rental Expense	-	109,783	1,200	110,983	110,983
Utilities	-	1,814	236	2,050	2,050
Depreciation	-	4,663	-	4,663	4,663
	<u>\$ 1,237,159</u>	<u>\$ 606,004</u>	<u>\$ 421,640</u>	<u>\$ 1,027,644</u>	<u>\$ 2,264,803</u>
Total					

KRCC – FM RADIO
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THE COLORADO COLLEGE
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services	Support Services			Total Expenses
	Local Programming and Production	Management and General	Fundraising and Membership Development	Total Support Services	
Salaries					
Administrative	\$ 447,020	\$ -	\$ 115,726	\$ 115,726	\$ 562,746
Student	1,989	-	-	-	1,989
Part-time	55,127	-	18,393	18,393	73,520
Fringe Benefits	173,898	7,635	31,969	39,604	213,502
Donated Services, Facilities, and Administrative Support	41,555	604,747		604,747	646,302
Professional Services	49,515	43,367	55,195	98,562	148,077
Supplies and Materials	3,024	1,219	1,291	2,510	5,534
Postage	27	6,301	13,320	19,621	19,648
Telephone	4,182	11,259	-	11,259	15,441
Printing and Publications	158	3,442	4,015	7,457	7,615
Travel, Meetings, Conferences	8,279	12,577	5,636	18,213	26,492
Advertising	72,374	1,072	31,223	32,295	104,669
Bad Debts (Recovery)	-	(805)	-	(805)	(805)
Maintenance and Repairs	-	65	-	65	65
Dues and Memberships	382,832	35,570	13,455	49,025	431,857
Equipment	9,675	15,504	-	15,504	25,179
Rental Expense	1,200	99,169	-	99,169	100,369
Utilities	1,165	1,169	-	1,169	2,334
Depreciation	-	-	-	-	-
Total	\$ 1,252,020	\$ 842,291	\$ 290,223	\$ 1,132,514	\$ 2,384,534