



**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidated Financial Statements  
and  
Independent Auditors' Report  
June 30, 2015 and 2014**

**EKS&H**  
AUDIT | TAX | CONSULTING

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated financial statements of Rocky Mountain Public Broadcasting Network, Inc. (a Colorado non-profit corporation) (the "Network"), which are comprised of the consolidated statements of financial position as of June 30, 2015 and 2014, 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 Broadcasting Network, Inc. as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

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 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.

EKS;H LLLP  
EKS&H LLLP

November 19, 2015  
Denver, Colorado

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidated Statements of Financial Position**

	June 30,	
	2015	2014
<b>Assets</b>		
Assets		
Cash and cash equivalents	\$ 354,753	\$ 186,045
Accounts receivable		
Contributions, grants, and other, net of allowance for doubtful accounts of \$299,125 (2015) and \$223,413 (2014)	1,571,184	1,494,762
Program underwriting and fees, net of allowance for doubtful accounts of \$47,179 (2015) and \$17,953 (2014)	1,122,202	1,111,170
Program inventory	62,811	94,845
Prepaid and other expenses	530,803	448,807
Investments	10,726,413	10,911,696
Note receivable	55,000	60,000
Property and equipment, net	6,402,081	7,261,950
Operating license	53,017	53,017
Total assets	<u>\$ 20,878,264</u>	<u>\$ 21,622,292</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Line-of-credit	\$ -	\$ 200,000
Accounts payable	602,849	359,744
Accrued expenses	458,322	482,471
Deferred revenue	496,585	412,902
Obligation under capital leases	10,914	22,628
Note payable	83,116	90,177
Total liabilities	<u>1,651,786</u>	<u>1,567,922</u>
Net assets		
Unrestricted	18,374,190	19,512,560
Temporarily restricted	621,951	313,473
Permanently restricted	230,337	228,337
Total net assets	<u>19,226,478</u>	<u>20,054,370</u>
Total liabilities and net assets	<u>\$ 20,878,264</u>	<u>\$ 21,622,292</u>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidated Statements of Activities**

	For the Years Ended							
	June 30, 2015				June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and support								
Contributions								
Membership	\$ 8,489,414	\$ -	\$ -	\$ 8,489,414	\$ 8,523,873	\$ -	\$ -	\$ 8,523,873
Underwriting	1,763,363	-	-	1,763,363	1,766,929	-	-	1,766,929
Bequests	380,072	-	-	380,072	1,161,380	-	-	1,161,380
Other gifts	322,531	27,102	2,000	351,633	281,328	2,474	6,000	289,802
Grants								
Community service grant	1,970,189	-	-	1,970,189	1,586,162	-	-	1,586,162
Other	1,066,200	605,831	-	1,672,031	423,693	189,046	-	612,739
In-kind donations	431,540	-	-	431,540	633,203	-	-	633,203
Program service revenues	49,809	-	-	49,809	91,058	-	-	91,058
Service fees and rental	400,064	-	-	400,064	419,866	-	-	419,866
Special events, net of expenses of \$117,243 (2015) and \$83,672 (2014) (in-kind revenue and expense of \$57,490 (2015) and \$40,800 (2014))	60,243	-	-	60,243	29,559	-	-	29,559
Other	27,376	-	-	27,376	17,262	-	-	17,262
Total revenues, gains, and support	<u>14,960,801</u>	<u>632,933</u>	<u>2,000</u>	<u>15,595,734</u>	<u>14,934,313</u>	<u>191,520</u>	<u>6,000</u>	<u>15,131,833</u>
Net assets released from restrictions								
Satisfaction of purpose restrictions	<u>324,455</u>	<u>(324,455)</u>	<u>-</u>	<u>-</u>	<u>155,437</u>	<u>(155,437)</u>	<u>-</u>	<u>-</u>
Expenses								
Program services								
Programming and production	5,546,033	-	-	5,546,033	4,502,809	-	-	4,502,809
Broadcasting	2,932,422	-	-	2,932,422	3,336,992	-	-	3,336,992
Public information	435,653	-	-	435,653	383,101	-	-	383,101
Total program services	<u>8,914,108</u>	<u>-</u>	<u>-</u>	<u>8,914,108</u>	<u>8,222,902</u>	<u>-</u>	<u>-</u>	<u>8,222,902</u>
Supporting services								
Management and general	1,626,358	-	-	1,626,358	1,631,588	-	-	1,631,588
Fundraising and development	4,025,878	-	-	4,025,878	3,942,159	-	-	3,942,159
Underwriting	781,880	-	-	781,880	721,312	-	-	721,312
Total supporting services	<u>6,434,116</u>	<u>-</u>	<u>-</u>	<u>6,434,116</u>	<u>6,295,059</u>	<u>-</u>	<u>-</u>	<u>6,295,059</u>
Total expenses	<u>15,348,224</u>	<u>-</u>	<u>-</u>	<u>15,348,224</u>	<u>14,517,961</u>	<u>-</u>	<u>-</u>	<u>14,517,961</u>
Change in net assets from operations	(62,968)	308,478	2,000	247,510	571,789	36,083	6,000	613,872
Depreciation and amortization	(1,086,172)	-	-	(1,086,172)	(1,524,495)	-	-	(1,524,495)
Investment income, net of direct advisor fees of \$42,500 for 2015 and 2014	10,770	-	-	10,770	1,050,973	-	-	1,050,973
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,795)</u>	<u>-</u>	<u>-</u>	<u>(6,795)</u>
Change in net assets	(1,138,370)	308,478	2,000	(827,892)	91,472	36,083	6,000	133,555
Net assets, beginning of year	<u>19,512,560</u>	<u>313,473</u>	<u>228,337</u>	<u>20,054,370</u>	<u>19,421,088</u>	<u>277,390</u>	<u>222,337</u>	<u>19,920,815</u>
Net assets, end of year	<u>\$ 18,374,190</u>	<u>\$ 621,951</u>	<u>\$ 230,337</u>	<u>\$ 19,226,478</u>	<u>\$ 19,512,560</u>	<u>\$ 313,473</u>	<u>\$ 228,337</u>	<u>\$ 20,054,370</u>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2015**

	<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>Total</u>
Personnel and payroll taxes	\$ 2,411,295	\$ 949,916	\$ 273,380	\$ 885,004	\$ 1,110,759	\$ 666,530	\$ 6,296,884
Program acquisitions	2,290,758	9,607	-	-	60	-	2,300,425
Professional services	486,856	109,049	46,848	323,695	1,344,330	27,100	2,337,878
Contributed goods and services	-	280,030	6,700	26,460	98,434	19,916	431,540
Mailing and shipping	3,919	2,686	283	20,395	660,059	432	687,774
Printing and duplicating	21,211	3,498	17,556	13,576	32,490	1,858	90,189
Building, distribution, and software	5,318	1,145,365	374	75,558	105,040	-	1,331,655
Subscriptions, dues, and licenses	46,675	43,050	2,690	48,848	38,513	-	179,776
Premiums, advertising, and promotions	21,420	2,234	68,693	16,064	536,139	491	645,041
Supplies and videotapes	62,544	50,767	7,414	31,128	14,670	1,035	167,558
Travel, parking, and mileage	110,768	24,193	1,181	42,116	13,722	4,573	196,553
Insurance	21,427	-	-	55,568	989	-	77,984
Telephone and connectivity	7,781	110,038	318	17,035	1,643	1,667	138,482
Interest	-	3,785	-	17,598	5,853	-	27,236
Training and meetings	29,915	17,954	3,882	28,696	49,026	6,401	135,874
Repairs and maintenance	900	142,835	-	-	-	-	143,735
Temporary assistance	-	-	2,261	-	-	-	2,261
Special events	8,646	6,267	4,073	24,246	13,519	2,422	59,173
Recruiting	8,589	217	-	371	378	84	9,639
Bad debt	8,011	30,931	-	-	254	49,371	88,567
Total expenses before depreciation and amortization	5,546,033	2,932,422	435,653	1,626,358	4,025,878	781,880	15,348,224
Depreciation and amortization	302,629	660,644	5,120	64,535	43,588	9,656	1,086,172
Total expenses	<u>\$ 5,848,662</u>	<u>\$ 3,593,066</u>	<u>\$ 440,773</u>	<u>\$ 1,690,893</u>	<u>\$ 4,069,466</u>	<u>\$ 791,536</u>	<u>\$ 16,434,396</u>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2014**

	<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>Total</u>
Personnel and payroll taxes	\$ 1,907,583	\$ 1,096,972	\$ 189,074	\$ 944,107	\$ 1,105,023	\$ 558,935	\$ 5,801,694
Program acquisitions	1,971,378	30,448	-	-	-	-	2,001,826
Professional services	244,204	199,360	60,623	300,484	1,329,785	21,361	2,155,817
Contributed goods and services	4,128	310,542	36,010	21,019	92,753	78,751	543,203
Mailing and shipping	4,482	4,765	170	8,464	631,175	763	649,819
Printing and duplicating	36,371	5,881	16,909	26,627	16,336	425	102,549
Building, distribution, and software	787	1,242,913	-	11,418	173,297	641	1,429,056
Subscriptions, dues, and licenses	71,793	44,595	1,062	52,599	14,625	1,060	185,734
Premiums, advertising, and promotions	715	3,305	65,775	15,919	503,735	550	589,999
Supplies and videotapes	57,719	57,031	5,138	12,559	11,166	1,636	145,249
Travel, parking, and mileage	33,377	25,330	795	37,719	12,986	2,392	112,599
Insurance	20,667	-	-	59,874	989	-	81,530
Telephone and connectivity	5,878	106,813	901	13,752	689	1,245	129,278
Interest	-	5,993	-	30,328	4,586	-	40,907
Training and meetings	18,738	30,796	3,314	54,569	27,800	5,271	140,488
Repairs and maintenance	3,462	147,023	-	-	-	-	150,485
Temporary assistance	-	-	1,600	1,425	-	-	3,025
Special events	4,182	22,868	1,730	19,798	17,214	2,153	67,945
Recruiting	16,423	624	-	3,048	-	-	20,095
Bad debt	-	1,733	-	17,879	-	46,129	65,741
Scholarship	100,922	-	-	-	-	-	100,922
Total expenses before depreciation and amortization	4,502,809	3,336,992	383,101	1,631,588	3,942,159	721,312	14,517,961
Depreciation and amortization	301,501	1,098,933	5,062	68,312	42,444	8,243	1,524,495
Total expenses	<u>\$ 4,804,310</u>	<u>\$ 4,435,925</u>	<u>\$ 388,163</u>	<u>\$ 1,699,900</u>	<u>\$ 3,984,603</u>	<u>\$ 729,555</u>	<u>\$ 16,042,456</u>

See notes to consolidated financial statements.



# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Consolidated Statements of Cash Flows

	For the Years Ended	
	June 30,	
	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (827,892)	\$ 133,555
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in allowance for doubtful accounts	104,938	232,741
Depreciation	1,086,172	1,524,495
Net loss on disposal of property and equipment	-	6,795
Non-cash contribution of in-kind property and equipment	-	(90,000)
Net realized and unrealized losses (gains) on investments	252,959	(962,805)
Impairment on investment in limited liability company	-	101,029
Changes in certain assets and liabilities		
Contributions, grants, and other receivables	416,784	(457,538)
Program and underwriting fees receivable	(40,258)	(263,383)
Bequest receivable	-	1,950,205
Pledges receivable	(568,918)	(1,155,446)
Program inventory	32,034	48,344
Prepaid and other expenses	(81,996)	(163,089)
Accounts payable	200,104	58,221
Accrued expenses	(24,149)	81,413
Deferred revenue	83,683	76,359
Net cash provided by operating activities	633,461	1,120,896
Cash flows from investing activities		
Payments for purchase of property and equipment	(183,302)	(256,046)
Payment received on notes receivable	5,000	5,000
Net purchases and sales of investments	(67,676)	(700,336)
Net cash used in investing activities	(245,978)	(951,382)
Cash flow from financing activities		
Payments on capital leases	(11,714)	(10,925)
Payments on note payable	(7,061)	(10,566)
Net proceeds and payments on line-of-credit	(200,000)	(251,213)
Obligation under charitable gift annuities	-	(5,679)
Net cash used in financing activities	(218,775)	(278,383)
Net change in cash and cash equivalents	168,708	(108,869)
Cash and cash equivalents, beginning of year	186,045	294,914
Cash and cash equivalents, end of year	\$ 354,753	\$ 186,045

Supplemental disclosure of cash flow information:

Interest paid was \$27,236 and \$40,907 for the years ended June 30, 2015 and 2014, respectively.

Supplemental disclosure of non-cash activity:

The Network had \$43,001 of property and equipment purchases that were included in accounts payable at June 30, 2015.

See notes to consolidated financial statements.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

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

#### **Organization**

Rocky Mountain Public Broadcasting Network, 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. 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 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 KUVO/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.

The KUVO transaction resulted in \$1,485,173 of total assets, \$743,302 of total liabilities, and \$741,871 of total net assets being merged into the Network's balances effective July 1, 2013. There were no significant changes to the accounting policies as a result of the merger.

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 Broadcasting Network, Inc., its wholly owned subsidiary RMPB Ventures, Inc., a separate for-profit organization established in June 1997, KUVO, 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, 2015 or 2014. All material interorganization transactions have been eliminated in consolidation.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

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

#### Basis of Presentation

The consolidated financial statements are presented 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.

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, 2015, and periodically throughout the year, the Network maintained balances in excess of federally insured limits.

At June 30, 2015 and 2014, amounts included in cash that are held in escrow to be used for building maintenance and shared antenna use are \$58,567 and \$50,806, respectively.

#### 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 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 BROADCASTING NETWORK, 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 \$299,125 and \$223,413 at June 30, 2015 and 2014, respectively, as reflected in the consolidated statements of financial position.

#### 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, 2015 and 2014 was \$47,179 and \$17,953, respectively.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, 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 3 to 30 years.

#### Construction in Progress

The Network has capitalized costs related to transmitters, broadcasting equipment, and network infrastructure. 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, 2015 and 2014.

#### 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.

#### 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, 2015 and 2014, advertising expense was \$141,975 and \$183,355, respectively, which included in-kind advertising of \$22,190 and \$103,603, respectively.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

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

#### 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 \$431,540 and \$543,203 for the years ended June 30, 2015 and 2014, respectively, which consisted of the following:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Professional services	\$ 186,205	\$ 177,949
Occupancy	87,112	97,180
Premiums	77,648	59,310
Meetings and member engagement	44,575	79,254
Advertising	22,190	103,603
Program support	6,960	15,407
Memberships	<u>6,850</u>	<u>10,500</u>
	431,540	543,203
Capitalized property and equipment	-	90,000
Events	<u>57,490</u>	<u>40,800</u>
	<u>\$ 489,030</u>	<u>\$ 674,003</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 19,000 volunteer hours during both 2015 and 2014. 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 BROADCASTING NETWORK, 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, 2015 and 2014. 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, 2015 and 2014. 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, 2015 and 2014.

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, 2015 and 2014.

#### 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.

#### Reclassifications

Certain amounts in the 2014 consolidated financial statements have been reclassified to conform to the 2015 presentation.

#### Subsequent Events

The Network has evaluated all subsequent events through the auditors' report date, which is the date the consolidated financial statements were available for issuance, noting no subsequent events requiring disclosure.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### Note 2 - Investments

Investments are comprised of the following:

	June 30,	
	2015	2014
Investments, at fair value		
Money markets	\$ 457,850	\$ 477,332
Fixed income mutual funds	2,416,081	3,031,609
Equity mutual funds	7,106,089	7,201,277
Alternative investments	<u>544,639</u>	<u>-</u>
Total investments, at fair value	10,524,659	10,710,218
Other - valued at cost		
Certificates of deposit (time deposits)	<u>201,754</u>	<u>201,478</u>
Total investments	<u>\$ 10,726,413</u>	<u>\$ 10,911,696</u>

Investment income consists of the following:

	June 30,	
	2015	2014
Dividends and interest, net of fees	\$ 263,729	\$ 189,197
Net realized gains	141,600	380,741
Net unrealized (losses) gains	<u>(394,559)</u>	<u>582,064</u>
Total investment return	<u>\$ 10,770</u>	<u>\$ 1,152,002</u>

The Network has an 80% interest in Public Interest Communications, a limited liability company, whose purpose is to obtain zoning and construct a broadcast tower on Mt. Morrison for the use of its members. After several years of inactivity, management decided to no longer pursue future operations of this site. Accordingly, during 2014, management performed an impairment analysis. Management estimated the current fair market value to be \$0 and recorded an impairment of \$101,029 as of June 30, 2014. The impairment is recorded within investment income in the consolidated statement of activities.

### Note 3 - 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;



# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### Note 3 - Fair Value Measurement (continued)

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.

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, 2015 are classified in the table below in one of the three categories described above:

Description	Level 1	Level 2	Level 3	Total
Money markets	\$ 457,850	\$ -	\$ -	\$ 457,850
Fixed income mutual funds	2,416,081	-	-	2,416,081
Equity mutual funds	7,106,089	-	-	7,106,089
Alternative investments				
Low correlated hedge funds	-	544,639	-	544,639
Total fair value	<u>\$ 9,980,020</u>	<u>\$ 544,639</u>	<u>\$ -</u>	<u>\$ 10,524,659</u>

Financial assets carried at fair value measured on a recurring basis as of June 30, 2014 are classified in the table below in one of the three categories described above:

Description	Level 1	Level 2	Level 3	Total
Money markets	\$ 477,332	\$ -	\$ -	\$ 477,332
Fixed income mutual funds	3,031,609	-	-	3,031,609
Equity mutual funds	<u>7,201,277</u>	-	-	<u>7,201,277</u>
Total fair value	<u>\$ 10,710,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,710,218</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.

*Alternative investments:* Valued based on net asset value per share.

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Notes to Consolidated Financial Statements**

**Note 3 - Fair Value Measurement (continued)**

Investments in certain entities that calculate net asset value per share are as follows:

<u>Fund Description</u>	<u>June 30, 2015 Fair Value</u>	<u>June 30, 2014 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Skybridge Multi-Advisor Hedge Fund - Series G	\$ 544,639	\$ -	None	Quarterly	65 days

This fund attempts to generate capital appreciation over a three to five year time horizon by investing in a variety of hedge funds, including discretionary and systematic trading, equity market neutral, long/short credit, convertible and fixed income arbitrage, directional equity, corporate credit event driven, distressed securities, merger arbitrage and special situations, and event-driven equity. Currently, over 50% of investments are North American exposure, but the fund is able to make investments in both international developed and emerging markets. The fair value of the investment has been calculated using the net asset value per share of the investment.

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

**Note 4 - Property and Equipment**

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 697,904	\$ 697,904
Buildings and improvements	10,525,048	10,525,048
Furniture, fixtures, and equipment	13,106,626	13,000,562
Transmitter facilities and equipment	12,625,434	12,511,432
Construction in process	46,899	40,661
Less accumulated depreciation	<u>(30,599,830)</u>	<u>(29,513,657)</u>
	<u>\$ 6,402,081</u>	<u>\$ 7,261,950</u>

Equipment under capital lease and included in transmitter facilities and equipment amounted to \$48,016 for both 2015 and 2014, with accumulated amortization of \$25,804 and \$20,077 as of June 30, 2015 and 2014, respectively.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### Note 5 - Note Receivable

In February 2006, the Network and KBDI, a public television broadcaster, jointly purchased an office condominium. In August 2006, the Network sold a portion of its interest in the condominium to KBDI for \$100,000.

The Network provided financing to KBDI to purchase the condominium office space. The note is due in installment payments of \$5,000 per year through December 31, 2015. The remaining \$50,000 is due as a lump-sum payment on December 31, 2016. The amounts reflected in the consolidated statements of financial position do not reflect the present value of an imputed interest rate due to the immateriality of the discount.

#### Amounts Due During the Year Ended June 30,

2016	\$	5,000
2017		<u>50,000</u>
	\$	<u>55,000</u>

### Note 6 - Capital Leases

The following represents obligations under capital lease for equipment:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Obligation under capital lease paid in full during 2015	\$ -	\$ 3,456
Due in monthly installments of principal and interest of \$1,028 through June 2016, secured by equipment	<u>12,331</u>	<u>24,663</u>
	12,331	28,119
Less interest	<u>(1,417)</u>	<u>(5,491)</u>
Present value of future minimum lease payments	<u>\$ 10,914</u>	<u>\$ 22,628</u>

The future minimum capital lease obligations (excluding maintenance) are as follows:

#### Year Ending June 30,

2016	\$	<u>10,914</u>
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# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### Note 7 - Note 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, 2015 and 2014 were \$83,116 and \$90,177, respectively.

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

#### Year Ending June 30,

2016	\$	8,081
2017		8,494
2018		8,929
2019		9,385
2020		9,866
Thereafter		<u>38,361</u>
	\$	<u>83,116</u>

### Note 8 - Net Assets

#### Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Local production	\$ 325,118	\$ 151,546
News	-	73,271
Education initiative	41,075	-
Endowment earnings	29,576	2,474
Capital campaign	16,182	16,182
Programming	<u>210,000</u>	<u>70,000</u>
	<u>\$ 621,951</u>	<u>\$ 313,473</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.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### **Note 9 - Employee Benefit Plan**

The Network has a tax-sheltered annuity plan (the "Plan") under IRC Section 403(b) covering substantially all full-time employees. During the year ended June 30, 2014, the Network contributed an amount equal to 3% of the employees' gross wages. Effective July 1, 2014, 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 \$103,347 and \$128,418 for the years ended June 30, 2015 and 2014, respectively.

### **Note 10 - 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 11 - Line-of-Credit**

During the year ended June 30, 2015, the Network had a \$950,000 line-of-credit with a bank, which bears interest at 3.75% and matures April 14, 2016. The outstanding balances at June 30, 2015 and 2014 were \$0 and \$200,000, respectively. The line-of-credit is collateralized by deposit accounts of the Network.

### **Note 12 - Operating Leases**

The Network leases facilities, equipment, and tower space under non-cancelable operating leases through December 2023. Rent expense for the year ended June 30, 2015 and 2014 was \$492,749 and \$417,196, respectively.

Future minimum lease payments under these leases are as follows:

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

2016	\$	331,525
2017		329,600
2018		330,989
2019		283,273
2020		73,267
Thereafter		<u>169,294</u>
	\$	<u>1,517,948</u>

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### Note 13 - 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, 2015 and 2014 was approximately \$245,000 and \$202,000, respectively.

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

#### For the Year Ending June 30,

2016	\$	124,000
2017		39,000
2018		38,000
2019		31,000
2020		28,000
Thereafter		<u>109,000</u>
	\$	<u>369,000</u>

**SUPPLEMENTARY INFORMATION**

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidating Statement of Financial Position  
June 30, 2015**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 266,448	\$ 88,305	\$ -	\$ 354,753
Accounts receivable				
Contributions, grants, and other, net of allowance for doubtful accounts of \$239,636 and \$59,489, respectively	1,437,357	133,827	-	1,571,184
Program underwriting and fees, net of allowance for doubtful accounts of \$36,343 and \$10,836, respectively	1,032,760	89,442	-	1,122,202
Intercompany receivables	815,370	-	(815,370)	-
Program inventory	62,811	-	-	62,811
Prepaid and other expenses	457,283	73,520	-	530,803
Investments	10,726,413	-	-	10,726,413
Note receivable	-	55,000	-	55,000
Property and equipment, net	5,301,311	1,100,770	-	6,402,081
Operating license	-	53,017	-	53,017
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 20,099,753</u>	<u>\$ 1,593,881</u>	<u>\$ (815,370)</u>	<u>\$ 20,878,264</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Line-of-credit	\$ -	\$ -	\$ -	\$ -
Accounts payable	577,851	24,998	-	602,849
Accrued expenses	386,853	71,469	-	458,322
Deferred revenues	417,480	79,105	-	496,585
Obligation under capital lease	-	10,914	-	10,914
Note payable	-	83,116	-	83,116
Intercompany payables	-	815,370	(815,370)	-
Total liabilities	<u>1,382,184</u>	<u>1,084,972</u>	<u>(815,370)</u>	<u>1,651,786</u>
Net assets				
Unrestricted	17,881,463	492,727	-	18,374,190
Temporarily restricted	605,769	16,182	-	621,951
Permanently restricted	230,337	-	-	230,337
Total net assets	<u>18,717,569</u>	<u>508,909</u>	<u>-</u>	<u>19,226,478</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 20,099,753</u>	<u>\$ 1,593,881</u>	<u>\$ (815,370)</u>	<u>\$ 20,878,264</u>



**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidating Statement of Financial Position  
June 30, 2014**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 105,291	\$ 80,754	\$ -	\$ 186,045
Accounts receivable				
Contributions, grants, and other, net of allowance for doubtful accounts of \$170,073 and \$53,340, respectively	1,370,713	124,049	-	1,494,762
Program underwriting and fees, net of allowance for doubtful accounts of \$17,953 and \$0, respectively	1,017,770	93,400	-	1,111,170
Intercompany receivables	706,289	-	(706,289)	-
Program inventory	94,845	-	-	94,845
Prepaid and other expenses	375,852	72,955	-	448,807
Investments	10,911,696	-	-	10,911,696
Note receivable	-	60,000	-	60,000
Property and equipment, net	6,144,254	1,117,696	-	7,261,950
Operating license	-	53,017	-	53,017
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 20,726,710</u>	<u>\$ 1,601,871</u>	<u>\$ (706,289)</u>	<u>\$ 21,622,292</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Line-of-credit	\$ 200,000	\$ -	\$ -	\$ 200,000
Accounts payable	333,093	26,651	-	359,744
Accrued expenses	414,838	67,633	-	482,471
Deferred revenues	375,702	37,200	-	412,902
Obligation under capital lease	-	22,628	-	22,628
Note payable	-	90,177	-	90,177
Intercompany payables	-	706,289	(706,289)	-
Total liabilities	<u>1,323,633</u>	<u>950,578</u>	<u>(706,289)</u>	<u>1,567,922</u>
Net assets				
Unrestricted	18,877,449	635,111	-	19,512,560
Temporarily restricted	297,291	16,182	-	313,473
Permanently restricted	228,337	-	-	228,337
Total net assets	<u>19,403,077</u>	<u>651,293</u>	<u>                    </u>	<u>20,054,370</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 20,726,710</u>	<u>\$ 1,601,871</u>	<u>\$ (706,289)</u>	<u>\$ 21,622,292</u>

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidating Statement of Activities  
For the Year Ended June 30, 2015**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Consolidated</u>
Revenues, gains, and support			
Contributions			
Membership	\$ 7,665,311	\$ 824,103	\$ 8,489,414
Underwriting	1,586,394	176,969	1,763,363
Bequests	380,072	-	380,072
Other gifts	276,910	74,723	351,633
Grants			
Community service grant	1,875,512	94,677	1,970,189
Other	1,659,031	13,000	1,672,031
In-kind donations	323,051	108,489	431,540
Program service revenues	49,809	-	49,809
Service fees and rental	395,905	4,159	400,064
Special events, net of expenses of \$23,573 (in-kind revenue and expense of \$9,640) and \$93,670 (in-kind revenue and expense \$47,850), respectively	20,297	39,946	60,243
Other	<u>7,491</u>	<u>19,885</u>	<u>27,376</u>
Total revenues, gains, and support	<u>14,239,783</u>	<u>1,355,951</u>	<u>15,595,734</u>
Expenses			
Program services			
Programming and production	5,064,518	481,515	5,546,033
Broadcasting	2,722,007	210,415	2,932,422
Public information	<u>402,676</u>	<u>32,977</u>	<u>435,653</u>
Total program services	<u>8,189,201</u>	<u>724,907</u>	<u>8,914,108</u>
Support services			
Management and general	1,503,619	122,739	1,626,358
Fundraising and development	3,564,958	460,920	4,025,878
Underwriting	<u>693,220</u>	<u>88,660</u>	<u>781,880</u>
Total support services	<u>5,761,797</u>	<u>672,319</u>	<u>6,434,116</u>
Total expenses	<u>13,950,998</u>	<u>1,397,226</u>	<u>15,348,224</u>
Change in net assets from operations	288,785	(41,275)	247,510
Depreciation and amortization	(985,063)	(101,109)	(1,086,172)
Investment income, net of direct advisor fees of \$42,500 and \$0, respectively	<u>10,770</u>	<u>-</u>	<u>10,770</u>
Change in net assets	(685,508)	(142,384)	(827,892)
Net assets, at beginning of year	<u>19,403,077</u>	<u>651,293</u>	<u>20,054,370</u>
Net assets, at end of year	<u>\$ 18,717,569</u>	<u>\$ 508,909</u>	<u>\$ 19,226,478</u>

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidating Statement of Activities  
For the Year Ended June 30, 2014**

	Rocky <u>Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Consolidated</u>
Revenues, gains, and support			
Contributions			
Membership	\$ 7,618,158	\$ 905,715	\$ 8,523,873
Underwriting	1,613,944	152,985	1,766,929
Bequests	1,161,380	-	1,161,380
Other gifts	251,917	37,885	289,802
Grants			
Community service grant	1,462,510	123,652	1,586,162
Other	601,739	11,000	612,739
In-kind donations	497,215	135,988	633,203
Program service revenues	91,058	-	91,058
Service fees and rental	362,530	57,336	419,866
Special events, net of expenses of \$8,823 and \$74,849 (in-kind revenue and expense of \$40,800), respectively	6,109	23,450	29,559
Other	<u>17,262</u>	<u>-</u>	<u>17,262</u>
Total revenues, gains, and support	<u>13,683,822</u>	<u>1,448,011</u>	<u>15,131,833</u>
Expenses			
Program services			
Programming and production	3,982,663	520,146	4,502,809
Broadcasting	3,042,989	294,003	3,336,992
Public information	<u>366,920</u>	<u>16,181</u>	<u>383,101</u>
Total program services	<u>7,392,572</u>	<u>830,330</u>	<u>8,222,902</u>
Support services			
Management and general	1,525,316	106,272	1,631,588
Fundraising and development	3,499,782	442,377	3,942,159
Underwriting	<u>664,474</u>	<u>56,838</u>	<u>721,312</u>
Total support services	<u>5,689,572</u>	<u>605,487</u>	<u>6,295,059</u>
Total expenses	<u>13,082,144</u>	<u>1,435,817</u>	<u>14,517,961</u>
Change in net assets from operations	601,678	12,194	613,872
Depreciation and amortization	(1,430,442)	(94,053)	(1,524,495)
Investment income, net of direct advisor fees of \$42,500 and \$0, respectively	1,050,917	56	1,050,973
Gain (loss) on disposal of assets	<u>1,980</u>	<u>(8,775)</u>	<u>(6,795)</u>
Change in net assets	224,133	(90,578)	133,555
Net assets, at beginning of year	<u>19,178,944</u>	<u>741,871</u>	<u>19,920,815</u>
Net assets, at end of year	<u>\$ 19,403,077</u>	<u>\$ 651,293</u>	<u>\$ 20,054,370</u>

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidating Statement of Functional Expenses  
For the Year Ended June 30, 2015**

	Rocky Mountain PBS							KUVO, LLC							Consolidated Total
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Rocky Mountain PBS Total	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	KUVO, LLC Total	
Personnel and payroll taxes	\$ 2,035,115	\$ 900,246	\$ 251,549	\$ 880,887	\$ 880,513	\$ 604,700	\$ 5,553,010	\$ 376,180	\$ 49,670	\$ 21,831	\$ 4,117	\$ 230,246	\$ 61,830	\$ 743,874	\$ 6,296,884
Program acquisitions	2,205,141	-	-	-	-	-	2,205,141	85,617	9,607	-	-	60	-	95,284	2,300,425
Professional services	470,700	63,484	44,222	318,536	1,309,139	27,100	2,233,181	16,156	45,565	2,626	5,159	35,191	-	104,697	2,337,878
Contributed goods and services	-	280,030	1,260	24,205	9,510	8,046	323,051	-	-	5,440	2,255	88,924	11,870	108,489	431,540
Mailing and shipping	3,919	2,175	283	3,913	627,891	432	638,613	-	511	-	16,482	32,168	-	49,161	687,774
Printing and duplicating	21,211	3,498	16,591	13,527	18,284	1,858	74,969	-	-	965	49	14,206	-	15,220	90,189
Building, distribution, and software	3,828	1,099,255	374	2,260	104,630	-	1,210,347	1,490	46,110	-	73,298	410	-	121,308	1,331,655
Subscriptions, dues, and licenses	46,675	37,064	2,690	37,829	28,445	-	152,703	-	5,986	-	11,019	10,068	-	27,073	179,776
Premiums, advertising, and promotions	21,420	2,234	67,718	10,875	499,853	491	602,591	-	-	975	5,189	36,286	-	42,450	645,041
Supplies and videotapes	61,766	36,201	6,274	31,128	11,113	1,035	147,517	778	14,566	1,140	-	3,557	-	20,041	167,558
Travel, parking, and mileage	109,804	24,193	1,181	41,527	12,617	4,353	193,675	964	-	-	589	1,105	220	2,878	196,553
Insurance	21,427	-	-	55,568	989	-	77,984	-	-	-	-	-	-	-	77,984
Telephone and connectivity	7,781	87,994	318	17,035	1,643	1,317	116,088	-	22,044	-	-	-	350	22,394	138,482
Interest	-	-	-	13,232	5,565	-	18,797	-	3,785	-	4,366	288	-	8,439	27,236
Training and meetings	29,861	15,752	3,882	28,480	44,422	6,324	128,721	54	2,202	-	216	4,604	77	7,153	135,874
Repairs and maintenance	700	132,466	-	-	-	-	133,166	200	10,369	-	-	-	-	10,569	143,735
Temporary assistance	-	-	2,261	-	-	-	2,261	-	-	-	-	-	-	-	2,261
Special events	8,646	6,267	4,073	24,246	9,966	2,422	55,620	-	-	-	-	3,553	-	3,553	59,173
Recruiting	8,513	217	-	371	378	84	9,563	76	-	-	-	-	-	76	9,639
Bad debt	8,011	30,931	-	-	-	35,058	74,000	-	-	-	-	254	14,313	14,567	88,567
Total expenses before depreciation and amortization	5,064,518	2,722,007	402,676	1,503,619	3,564,958	693,220	13,950,998	481,515	210,415	32,977	122,739	460,920	88,660	1,397,226	15,348,224
Depreciation and amortization	226,716	647,759	5,120	55,310	42,327	7,831	985,063	75,913	12,885	-	9,225	1,261	1,825	101,109	1,086,172
Total expenses	\$ 5,291,234	\$ 3,369,766	\$ 407,796	\$ 1,558,929	\$ 3,607,285	\$ 701,051	\$ 14,936,061	\$ 557,428	\$ 223,300	\$ 32,977	\$ 131,964	\$ 462,181	\$ 90,485	\$ 1,498,335	\$ 16,434,396

**ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.**

**Consolidating Statement of Functional Expenses  
For the Year Ended June 30, 2014**

	Rocky Mountain PBS							KUVO, LLC							Consolidated Total
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Rocky Mountain PBS Total	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	KUVO, LLC Total	
Personnel and payroll taxes	\$ 1,590,535	\$ 1,048,107	\$ 189,074	\$ 942,159	\$ 869,775	\$ 534,651	\$ 5,174,301	\$ 317,048	\$ 48,865	\$ -	\$ 1,948	\$ 235,248	\$ 24,284	\$ 627,393	\$ 5,801,694
Program acquisitions	1,893,498	14,400	-	-	-	-	1,907,898	77,880	16,048	-	-	-	-	93,928	2,001,826
Professional services	233,369	134,177	60,623	263,809	1,304,116	21,361	2,017,455	10,835	65,183	-	36,675	25,669	-	138,362	2,155,817
Contributed goods and services	3,888	310,542	22,500	13,320	1,230	55,736	407,216	240	-	13,510	7,699	91,523	23,015	135,987	543,203
Mailing and shipping	4,482	3,978	170	3,368	606,537	763	619,298	-	787	-	5,096	24,638	-	30,521	649,819
Printing and duplicating	36,371	5,881	16,909	26,373	4,846	425	90,805	-	-	-	254	11,490	-	11,744	102,549
Building, distribution, and software	787	1,148,790	-	2,235	171,875	641	1,324,328	-	94,123	-	9,183	1,422	-	104,728	1,429,056
Subscriptions, dues, and licenses	62,245	36,371	1,062	43,058	1,516	1,060	145,312	9,548	8,224	-	9,541	13,109	-	40,422	185,734
Premiums, advertising, and promotions	715	3,305	64,192	15,169	481,599	530	565,510	-	-	1,583	750	22,136	20	24,489	589,999
Supplies and videotapes	56,756	44,293	4,144	9,888	6,706	1,636	123,423	963	12,738	994	2,671	4,460	-	21,826	145,249
Travel, parking, and mileage	32,785	25,330	795	35,968	12,001	2,392	109,271	592	-	-	1,751	985	-	3,328	112,599
Insurance	19,347	-	-	57,677	989	-	78,013	1,320	-	-	2,197	-	-	3,517	81,530
Telephone and connectivity	5,878	82,432	901	13,752	689	1,245	104,897	-	24,381	-	-	-	-	24,381	129,278
Interest	-	463	-	20,337	4,376	-	25,176	-	5,530	-	9,991	210	-	15,731	40,907
Training and meetings	17,940	24,733	3,220	36,110	19,504	5,271	106,778	798	6,063	94	18,459	8,296	-	33,710	140,488
Repairs and maintenance	3,462	134,962	-	-	-	-	138,424	-	12,061	-	-	-	-	12,061	150,485
Temporary assistance	-	-	1,600	1,425	-	-	3,025	-	-	-	-	-	-	-	3,025
Special events	4,182	22,868	1,730	19,741	14,023	2,153	64,697	-	-	-	57	3,191	-	3,248	67,945
Recruiting	16,423	624	-	3,048	-	-	20,095	-	-	-	-	-	-	-	20,095
Bad debt	-	1,733	-	17,879	-	36,610	56,222	-	-	-	-	-	9,519	9,519	65,741
Scholarship	-	-	-	-	-	-	-	100,922	-	-	-	-	-	100,922	100,922
Total expenses before depreciation and amortization	3,982,663	3,042,989	366,920	1,525,316	3,499,782	664,474	13,082,144	520,146	294,003	16,181	106,272	442,377	56,838	1,435,817	14,517,961
Depreciation and amortization	225,119	1,095,412	5,062	55,005	42,100	7,744	1,430,442	76,382	3,521	-	13,307	344	499	94,053	1,524,495
Total expenses	\$ 4,207,782	\$ 4,138,401	\$ 371,982	\$ 1,580,321	\$ 3,541,882	\$ 672,218	\$ 14,512,586	\$ 596,528	\$ 297,524	\$ 16,181	\$ 119,579	\$ 442,721	\$ 57,337	\$ 1,529,870	\$ 16,042,456