



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

**Consolidated Financial Statements  
and  
Independent Auditors' Report  
June 30, 2016 and 2015**

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

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Table of Contents

### Page

Independent Auditors' Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Functional Expenses.....	5
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	8
Supplementary Information	
Consolidating Statements of Financial Position.....	21
Consolidating Statements of Activities.....	23
Consolidating Statements of Functional Expenses.....	25

## **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, 2016 and 2015, 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, 2016 and 2015, 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 of the consolidated financial statements rather than to present the financial position, change in net assets, and cash flows of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

EKS;H LLLP  
EKS&H LLLP

November 17, 2016  
Denver, Colorado

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

**Consolidated Statements of Financial Position**

	June 30,	
	2016	2015
<b>Assets</b>		
Assets		
Cash and cash equivalents	\$ 449,974	\$ 354,753
Restricted cash - capital campaign	2,149,151	-
Accounts receivable		
Contributions, grants, and other, net of allowance for doubtful accounts of \$200,087 (2016) and \$299,125 (2015)	1,984,114	1,571,184
Program underwriting and fees, net of allowance for doubtful accounts of \$33,857 (2016) and \$47,179 (2015)	1,198,341	1,122,202
Capital campaign pledges receivable	884,269	-
Program inventory	55,760	62,811
Prepaid and other expenses	529,154	530,803
Investments	9,794,300	10,726,413
Note receivable	55,000	55,000
Property and equipment, net	6,187,166	6,402,081
Operating license	53,017	53,017
Total assets	\$ 23,340,246	\$ 20,878,264
<b>Liabilities and Net Assets</b>		
Liabilities		
Line-of-credit	\$ 900,000	\$ -
Accounts payable	609,321	602,849
Accrued expenses	453,232	458,322
Deferred revenue	287,709	496,585
Deferred revenue - capital campaign	2,000,000	-
Obligation under capital leases	-	10,914
Note payable	75,035	83,116
Total liabilities	4,325,297	1,651,786
Net assets		
Unrestricted	17,433,314	18,374,190
Temporarily restricted	1,349,298	621,951
Permanently restricted	232,337	230,337
Total net assets	19,014,949	19,226,478
Total liabilities and net assets	\$ 23,340,246	\$ 20,878,264

See notes to consolidated financial statements.

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

**Consolidated Statements of Activities**

	For the Years Ended							
	June 30, 2016				June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and support								
Contributions								
Membership	\$ 8,744,141	\$ -	\$ -	\$ 8,744,141	\$ 8,489,414	\$ -	\$ -	\$ 8,489,414
Capital campaign	-	1,045,752	-	1,045,752	-	-	-	-
Underwriting	1,613,294	66,130	-	1,679,424	1,763,363	-	-	1,763,363
Bequests	556,771	-	-	556,771	380,072	-	-	380,072
Other gifts	436,604	16,416	2,000	455,020	322,531	27,102	2,000	351,633
Grants								
Community service grant	2,062,608	-	-	2,062,608	1,970,189	-	-	1,970,189
Other	1,429,824	81,000	-	1,510,824	1,066,200	605,831	-	1,672,031
In-kind donations	395,197	-	-	395,197	431,540	-	-	431,540
Program service revenues	4,993	-	-	4,993	49,809	-	-	49,809
Service fees and rental	372,170	-	-	372,170	400,064	-	-	400,064
Special events, net of expenses of \$136,480 (2016) and \$117,243 (2015) (in-kind revenue and expense of \$75,251 (2016) and \$57,490 (2015))	140,174	-	-	140,174	60,243	-	-	60,243
Other	58,738	-	-	58,738	27,376	-	-	27,376
Total revenues, gains, and support	<u>15,814,514</u>	<u>1,209,298</u>	<u>2,000</u>	<u>17,025,812</u>	<u>14,960,801</u>	<u>632,933</u>	<u>2,000</u>	<u>15,595,734</u>
Net assets released from restrictions								
Satisfaction of purpose restrictions	481,951	(481,951)	-	-	324,455	(324,455)	-	-
Expenses								
Program services								
Programming and production	6,120,632	-	-	6,120,632	5,546,033	-	-	5,546,033
Broadcasting	2,935,338	-	-	2,935,338	2,932,422	-	-	2,932,422
Public information	520,058	-	-	520,058	435,653	-	-	435,653
Total program services	<u>9,576,028</u>	<u>-</u>	<u>-</u>	<u>9,576,028</u>	<u>8,914,108</u>	<u>-</u>	<u>-</u>	<u>8,914,108</u>
Supporting services								
Management and general	1,405,786	-	-	1,405,786	1,626,358	-	-	1,626,358
Fundraising and development	4,072,273	-	-	4,072,273	4,025,878	-	-	4,025,878
Underwriting	760,096	-	-	760,096	781,880	-	-	781,880
Total supporting services	<u>6,238,155</u>	<u>-</u>	<u>-</u>	<u>6,238,155</u>	<u>6,434,116</u>	<u>-</u>	<u>-</u>	<u>6,434,116</u>
Building and capital campaign expense	136,908	-	-	136,908	-	-	-	-
Total expenses	<u>15,951,091</u>	<u>-</u>	<u>-</u>	<u>15,951,091</u>	<u>15,348,224</u>	<u>-</u>	<u>-</u>	<u>15,348,224</u>
Change in net assets from operations	345,374	727,347	2,000	1,074,721	(62,968)	308,478	2,000	247,510
Depreciation and amortization	(921,690)	-	-	(921,690)	(1,086,172)	-	-	(1,086,172)
Investment (loss) income, net of direct advisor fees of \$42,500 for 2016 and 2015	(364,560)	-	-	(364,560)	10,770	-	-	10,770
Change in net assets	(940,876)	727,347	2,000	(211,529)	(1,138,370)	308,478	2,000	(827,892)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 17,433,314</u>	<u>\$ 1,349,298</u>	<u>\$ 232,337</u>	<u>\$ 19,014,949</u>	<u>\$ 18,374,190</u>	<u>\$ 621,951</u>	<u>\$ 230,337</u>	<u>\$ 19,226,478</u>

See notes to consolidated financial statements.

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

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2016**

	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Public Information</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Underwriting</u>	<u>Building and Capital Campaign</u>	<u>Total</u>
Personnel and payroll taxes	\$ 2,700,622	\$ 981,138	\$ 276,006	\$ 748,353	\$ 1,229,599	\$ 628,546	\$ 5,533	\$ 6,569,797
Program acquisitions	2,454,962	8,211	-	3,673	-	-	-	2,466,846
Professional services	671,349	108,306	117,073	290,893	1,059,854	49,043	123,466	2,419,984
Contributed goods and services	3,139	269,293	185	7,357	112,259	2,964	-	395,197
Mailing and shipping	3,239	4,089	279	14,945	777,705	284	109	800,650
Printing and duplicating	11,888	1,706	31,393	12,148	27,609	3,952	220	88,916
Building, distribution, and software	5,557	1,162,753	-	78,593	51,694	-	5,000	1,303,597
Subscriptions, dues, and licenses	53,160	32,056	1,831	51,304	88,268	1,000	100	227,719
Premiums, advertising, and promotions	23,203	2,106	72,402	750	554,780	-	-	653,241
Supplies and videotapes	22,897	61,278	12,907	13,825	15,839	891	87	127,724
Travel, parking, and mileage	101,042	20,511	4,842	12,964	14,484	8,665	1,066	163,574
Insurance	25,021	-	-	62,961	989	-	-	88,971
Telephone and connectivity	9,092	108,121	-	14,049	2,560	1,400	-	135,222
Interest	132	1,808	-	60,505	5,565	-	-	68,010
Training and meetings	29,327	21,763	3,140	29,489	57,245	8,669	1,327	150,960
Repairs and maintenance	490	135,398	-	-	-	-	-	135,888
Special events	2,601	3,331	-	3,977	73,744	6,597	-	90,250
Recruiting	2,661	2,001	-	-	79	-	-	4,741
Bad debt	250	11,469	-	-	-	48,085	-	59,804
Total expenses before depreciation and amortization	6,120,632	2,935,338	520,058	1,405,786	4,072,273	760,096	136,908	15,951,091
Depreciation and amortization	333,863	448,639	5,302	68,439	55,319	10,128	-	921,690
Total expenses	<u>\$ 6,454,495</u>	<u>\$ 3,383,977</u>	<u>\$ 525,360</u>	<u>\$ 1,474,225</u>	<u>\$ 4,127,592</u>	<u>\$ 770,224</u>	<u>\$ 136,908</u>	<u>\$ 16,872,781</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	<u>5,546,033</u>	<u>2,932,422</u>	<u>435,653</u>	<u>1,626,358</u>	<u>4,025,878</u>	<u>781,880</u>	<u>15,348,224</u>
Depreciation and amortization	<u>302,629</u>	<u>660,644</u>	<u>5,120</u>	<u>64,535</u>	<u>43,588</u>	<u>9,656</u>	<u>1,086,172</u>
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 Statements of Cash Flows

	For the Years Ended	
	June 30,	
	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (211,529)	\$ (827,892)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in allowance for doubtful accounts	(117,123)	104,938
Depreciation	921,690	1,086,172
Deferred revenue - capital campaign	2,000,000	-
Contributions for capital campaign	(1,045,752)	-
Net realized and unrealized losses on investments	670,552	252,959
Changes in certain assets and liabilities		
Contributions, grants, and other receivables	(45,061)	416,784
Program and underwriting fees receivable	(58,054)	(40,258)
Pledges receivable	(268,831)	(568,918)
Capital campaign pledges receivable	(884,269)	-
Program inventory	7,051	32,034
Prepaid and other expenses	1,649	(81,996)
Accounts payable	(100,992)	200,104
Accrued expenses	(5,090)	(24,149)
Deferred revenue	(208,876)	83,683
Net cash provided by operating activities	655,365	633,461
Cash flows from investing activities		
Change in restricted cash	(2,149,151)	-
Payments for purchase of property and equipment	(599,311)	(183,302)
Payment received on notes receivable	-	5,000
Net purchases and sales of investments	261,561	(67,676)
Net cash used in investing activities	(2,486,901)	(245,978)
Cash flow from financing activities		
Payments on capital leases	(10,914)	(11,714)
Payments on note payable	(8,081)	(7,061)
Net proceeds (payments) on line-of-credit	900,000	(200,000)
Contributions for capital campaign	1,045,752	-
Net cash provided by (used in) financing activities	1,926,757	(218,775)
Net change in cash and cash equivalents	95,221	168,708
Cash and cash equivalents, beginning of year	354,753	186,045
Cash and cash equivalents, end of year	\$ 449,974	\$ 354,753

Supplemental disclosure of cash flow information:

Interest paid was \$68,010 and \$27,236 for the years ended June 30, 2016 and 2015, respectively.

Supplemental disclosure of non-cash activity:

The Network had \$107,464 and \$43,001 of property and equipment purchases that were included in accounts payable at June 30, 2016 and 2015, respectively.

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.

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, 2016 or 2015. All material interorganization transactions have been eliminated in consolidation.

#### **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.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

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

#### Basis of Presentation (continued)

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

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

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

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

#### Cash and Cash Equivalents

The Network considers all highly liquid investments with a maturity of three months or less and that are not held by investment managers as part of an investment portfolio to be cash equivalents. The Network continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of June 30, 2016, and periodically throughout the year, the Network maintained balances in excess of federally insured limits.

At June 30, 2016 and 2015, amounts included in cash that are held in escrow to be used for building maintenance and shared antenna use are \$67,034 and \$58,567, respectively.

#### Restricted Cash

During the year ended June 30, 2016, the Network began maintaining a separate cash account for amounts received related to the capital campaign, until such time as construction begins. As of June 30, 2016, the balance of this account was \$2,149,151, of which \$2,000,000 is a conditional contribution recorded in deferred revenue.

#### Concentrations of Credit Risk

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

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

# ROCKY MOUNTAIN PUBLIC 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 \$200,087 and \$299,125 at June 30, 2016 and 2015, respectively, as reflected in the consolidated statements of financial position.

#### Capital Campaign Pledges Receivable

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

#### Program Underwriting

Program underwriting is recorded from signed agreements. Program underwriting related to purchased programs is recognized as unrestricted net assets. Accounts receivable are recorded for the full amount of the signed underwriting agreement. The allowance at June 30, 2016 and 2015 was \$33,857 and \$47,179, 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 2 to 30 years.

#### Construction in Progress

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

#### Long-Lived Assets

The Network reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Network looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. There were no impairments at June 30, 2016 and 2015.

#### Deferred Revenue

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

#### Deferred Revenue - Capital Campaign

At June 30, 2016, deferred revenue - capital campaign consisted of a \$2,000,000 conditional contribution received for the capital campaign, which is to be held in a separate account until such time as \$22 million of the budget for the capital campaign has been raised. The conditional \$2,000,000 contribution is part of a \$6,000,000 conditional grant received that is payable over a three-year period.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

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

#### Advertising

The Network uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the years ended June 30, 2016 and 2015, advertising expense was \$147,593 and \$141,975, respectively, which included in-kind advertising of \$11,875 and \$22,190, respectively.

#### In-Kind and Donated Services

The Network receives various in-kind gifts of goods and services, which are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. In-kind goods and services were \$395,197 and \$431,540 for the years ended June 30, 2016 and 2015, respectively, which consisted of the following:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Professional services	\$ 183,655	\$ 186,205
Meetings and member engagement	83,994	44,575
Occupancy	72,691	87,112
Premiums	37,037	77,648
Advertising	11,875	22,190
Memberships	2,845	6,850
Equipment	2,500	-
Program support	<u>600</u>	<u>6,960</u>
	395,197	431,540
Events	<u>-</u>	<u>-</u>
	<u>\$ 395,197</u>	<u>\$ 431,540</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 16,000 and 19,000 volunteer hours during 2016 and 2015, respectively. These values have not been included in the consolidated financial statements as they do not meet the requirements to be recorded under accounting principles generally accepted in the United States of America.

#### Use of Estimates

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

# ROCKY MOUNTAIN PUBLIC 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, 2016 and 2015. 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, 2016 and 2015. 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, 2016 and 2015.

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, 2016 and 2015.

#### 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.

#### Subsequent Events

Subsequent to June 30, 2016, the Network entered into a \$1,500,000 promissory note with the City and County of Denver.

Other than the subsequent events disclosed above in Note 2 and Note 13, 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 additional subsequent events requiring disclosure.

### **Note 2 - Colorado Center for Public Media Capital Campaign**

During the year ended June 30, 2016, the Network commenced a capital campaign. The Network has committed to being the leader in the reinvention of public media. By changing Colorado's public media landscape through an ambitious capital campaign initiative, a replicable model of high-tech media collaboration, original programming and community involvement—all under one roof—will result. The Network's goal for the construction of the Colorado Center for Public Media ("CCPM") is to raise \$30,000,000. As of June 30, 2016 the Network has raised \$1,045,752 in capital campaign contributions, which includes \$884,269 of capital campaign pledges outstanding as of June 30, 2016.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### **Note 2 - Colorado Center for Public Media Capital Campaign (continued)**

As part of the development of the CCPM, in early 2016, the Network entered into a land-for-land exchange agreement with the State of Colorado whereas the Network will exchange the existing land and building of its operations on Bannock Street and receive from the State of Colorado land for construction of the CCPM and approximately \$1,300,000. The agreement closed in July 2016. The Network also entered into an office lease agreement commencing August 2016 ("Commencement Date") with the State of Colorado to occupy its existing building until the construction of the CCPM is completed. The lease term is for five years from the Commencement Date, with annual rent of \$250,000. The lease includes an early termination, whereas the Network may terminate the lease at no cost after the 36<sup>th</sup> month of the lease. Future lease payments for the office lease have been included in Note 13.

### **Note 3 - Investments**

Investments are comprised of the following:

	June 30,	
	2016	2015
Investments, at fair value		
Money markets	\$ 76,877	\$ 457,850
Fixed income mutual funds	2,205,332	2,416,081
Equity mutual funds	6,983,482	7,106,089
Alternative investments	478,087	544,639
Total investments, at fair value	9,743,778	10,524,659
Other - valued at cost		
Certificates of deposit (time deposits)	50,522	201,754
Total investments	\$ 9,794,300	\$ 10,726,413

Investment income consists of the following:

	June 30,	
	2016	2015
Dividends and interest, net of fees	\$ 305,992	\$ 263,729
Net realized gains	11,707	141,600
Net unrealized losses	(682,259)	(394,559)
Total investment (loss) return	\$ (364,560)	\$ 10,770



# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### Note 4 - Fair Value Measurement

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

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

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, 2016 are classified in the table below in one of the three categories described above:

Description	Level 1	Level 2	Level 3	Total
Money markets	\$ 76,877	\$ -	\$ -	\$ 76,877
Fixed income mutual funds	2,205,332	-	-	2,205,332
Equity mutual funds	6,983,482	-	-	6,983,482
Alternative investments				
Low correlated hedge funds	-	478,087	-	478,087
<b>Total fair value</b>	<b>\$ 9,265,691</b>	<b>\$ 478,087</b>	<b>\$ -</b>	<b>\$ 9,743,778</b>

Financial assets carried at fair value measured on a recurring basis as of July 1, 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
<b>Total fair value</b>	<b>\$ 9,980,020</b>	<b>\$ 544,639</b>	<b>\$ -</b>	<b>\$ 10,524,659</b>

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

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

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.

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

<u>Fund Description</u>	<u>June 30, 2016 Fair Value</u>	<u>June 30, 2015 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Skybridge Multi-Advisor Hedge Fund - Series G	\$ 478,087	\$ 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 5 - Property and Equipment

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 742,904	\$ 697,904
Buildings and improvements	10,618,463	10,525,048
Furniture, fixtures, and equipment	13,208,223	13,106,626
Transmitter facilities and equipment	12,633,405	12,625,434
Construction in process	505,690	46,899
Less accumulated depreciation	<u>(31,521,519)</u>	<u>(30,599,830)</u>
	<u>\$ 6,187,166</u>	<u>\$ 6,402,081</u>

Equipment under capital lease and included in transmitter facilities and equipment amounted to \$48,016 for both 2016 and 2015, with accumulated amortization of \$29,626 and \$25,804 as of June 30, 2016 and 2015, respectively.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### Note 6 - 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 \$55,000 balance, as of June 30, 2016, 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 Ending June 30,

2017	\$	55,000
------	----	--------

### Note 7 - Capital Leases

The following represents obligations under capital lease for equipment:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Obligation under capital lease paid in full during 2016	\$ -	\$ 12,331
Less interest	-	(1,417)
Present value of future minimum lease payments	<u>\$ -</u>	<u>\$ 10,914</u>

### Note 8 - 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, 2016 and 2015 were \$75,035 and \$83,116, respectively.

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

#### For the Year Ending June 30,

2017	\$	8,494
2018		8,929
2019		9,385
2020		9,866
2021		10,370
Thereafter		<u>27,991</u>
	\$	<u>75,035</u>

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### Note 9 - Net Assets

#### Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	June 30,	
	2016	2015
Local production	\$ 6,000	\$ 325,118
Education initiative	141,130	41,075
Endowment earnings	16,416	29,576
Capital campaign	1,045,752	16,182
Programming	140,000	210,000
	<u>\$ 1,349,298</u>	<u>\$ 621,951</u>

#### Permanently Restricted Net Assets

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

### Note 10 - Employee Benefit Plan

The Network has a tax-sheltered annuity plan (the "Plan") under IRC Section 403(b) covering substantially all full-time employees. The Network contributes 100% up to 3% of the employees' deferrals. In addition, each participating employee has the option to contribute additional amounts on a pre-tax basis up to the maximum allowable by the IRS. Contributions to the Plan vest immediately. The Network contributed \$124,818 and \$103,347 for the years ended June 30, 2016 and 2015, respectively.

### Note 11 - 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.

# ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.

## Notes to Consolidated Financial Statements

### **Note 12 - Line-of-Credit**

During the year ended June 30, 2016, the Network had a \$950,000 line-of-credit with a bank, which bears interest at 4.00% and matures April 14, 2017. The outstanding balances at June 30, 2016 and 2015 were \$900,000 and \$0, respectively. The line-of-credit is collateralized by deposit accounts of the Network.

### **Note 13 - Operating Leases**

The Network leases facilities, equipment, and tower space under non-cancelable operating leases through December 2023. Rent expense for the years ended June 30, 2016 and 2015 was \$506,298 and \$492,749, respectively.

Future minimum lease payments under these leases are as follows:

#### For the Year Ending June 30,

2017	\$	561,047
2018		583,269
2019		535,673
2020		325,667
2021		321,042
Thereafter		<u>121,485</u>
	\$	<u>2,448,183</u>

### **Note 14 - 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, 2016 and 2015 was approximately \$215,000 and \$245,000, respectively.

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

#### For the Year Ending June 30,

2017	\$	178,000
2018		41,000
2019		34,000
2020		31,000
2021		27,000
Thereafter		<u>96,000</u>
	\$	<u>407,000</u>

**SUPPLEMENTARY INFORMATION**

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

**Consolidating Statement of Financial Position  
June 30, 2016**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 314,332	\$ 135,642	\$ -	\$ 449,974
Restricted cash - capital campaign	2,149,151	-	-	2,149,151
Accounts receivable				
Contributions, grants, and other, net of allowance for doubtful accounts of \$182,806 and \$17,281, respectively	1,809,385	174,729	-	1,984,114
Program underwriting and fees, net of allowance for doubtful accounts of \$30,908 and \$2,949, respectively	1,100,636	97,705	-	1,198,341
Capital campaign pledges receivable, net	884,269	-	-	884,269
Intercompany receivables	956,120	-	(956,120)	-
Program inventory	55,760	-	-	55,760
Prepaid and other expenses	432,709	96,445	-	529,154
Investments	9,794,300	-	-	9,794,300
Note receivable	-	55,000	-	55,000
Property and equipment, net	5,182,028	1,005,138	-	6,187,166
Operating license	-	53,017	-	53,017
	<u>-</u>	<u>53,017</u>	<u>-</u>	<u>53,017</u>
Total assets	<u>\$ 22,678,690</u>	<u>\$ 1,617,676</u>	<u>\$ (956,120)</u>	<u>\$ 23,340,246</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Line-of-credit	\$ 900,000	\$ -	\$ -	\$ 900,000
Accounts payable	597,845	11,476	-	609,321
Accrued expenses	372,976	80,256	-	453,232
Deferred revenues	2,230,824	56,885	-	2,287,709
Obligation under capital leases	-	-	-	-
Note payable	-	75,035	-	75,035
Intercompany payables	-	956,120	(956,120)	-
Total liabilities	<u>4,101,645</u>	<u>1,179,772</u>	<u>(956,120)</u>	<u>4,325,297</u>
Net assets				
Unrestricted	16,995,410	437,904	-	17,433,314
Temporarily restricted	1,349,298	-	-	1,349,298
Permanently restricted	232,337	-	-	232,337
Total net assets	<u>18,577,045</u>	<u>437,904</u>	<u>-</u>	<u>19,014,949</u>
Total liabilities and net assets	<u>\$ 22,678,690</u>	<u>\$ 1,617,676</u>	<u>\$ (956,120)</u>	<u>\$ 23,340,246</u>

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

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

	<u>Rocky</u>		<u>Eliminations</u>	
	<u>Mountain PBS</u>	<u>KUVO, LLC</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 leases	-	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 Activities  
For the Year Ended June 30, 2016**

	Rocky <u>Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Consolidated</u>
Revenues, gains, and support			
Contributions			
Membership	\$ 7,882,739	\$ 861,402	\$ 8,744,141
Capital campaign	1,045,752	-	1,045,752
Underwriting	1,523,924	155,500	1,679,424
Bequests	556,771	-	556,771
Other gifts	383,250	71,770	455,020
Grants			
Community service grant	1,939,746	122,862	2,062,608
Other	1,490,824	20,000	1,510,824
In-kind donations	286,129	109,068	395,197
Program service revenues	4,993	-	4,993
Service fees and rental	368,120	4,050	372,170
Special events, net of expenses of \$23,959 (in-kind revenue and expense of \$6,337) and \$112,521 (in-kind revenue and expense \$68,914), respectively	34,998	105,176	140,174
Other	<u>1,503</u>	<u>57,235</u>	<u>58,738</u>
Total revenues, gains, and support	<u>15,518,749</u>	<u>1,507,063</u>	<u>17,025,812</u>
Expenses			
Program services			
Programming and production	5,572,608	548,024	6,120,632
Broadcasting	2,737,423	197,915	2,935,338
Public information	<u>473,341</u>	<u>46,717</u>	<u>520,058</u>
Total program services	<u>8,783,372</u>	<u>792,656</u>	<u>9,576,028</u>
Supporting services			
Management and general	1,297,406	108,380	1,405,786
Fundraising and development	3,576,431	495,842	4,072,273
Underwriting	<u>695,026</u>	<u>65,070</u>	<u>760,096</u>
Total supporting services	5,568,863	669,292	6,238,155
Building and capital campaign expenses	<u>136,908</u>	-	<u>136,908</u>
Total expenses	<u>14,489,143</u>	<u>1,461,948</u>	<u>15,951,091</u>
Change in net assets from operations	1,029,606	45,115	1,074,721
Depreciation and amortization	(805,570)	(116,120)	(921,690)
Investment loss, net of direct advisor fees of \$42,500 and \$0, respectively	<u>(364,560)</u>	-	<u>(364,560)</u>
Change in net assets	(140,524)	(71,005)	(211,529)
Net assets, at beginning of year	<u>18,717,569</u>	<u>508,909</u>	<u>19,226,478</u>
Net assets, at end of year	<u>\$ 18,577,045</u>	<u>\$ 437,904</u>	<u>\$ 19,014,949</u>

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

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

	Rocky <u>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 \$96,670 (in-kind revenue and expense of \$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>
Supporting 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 supporting 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 Functional Expenses  
For the Year Ended June 30, 2016**

	Rocky Mountain PBS								KUVO, LLC						Consolidated Total	
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Building and Capital Campaign	Rocky Mountain PBS Total	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting		KUVO, LLC Total
Personnel and payroll taxes	\$ 2,259,044	\$ 934,905	\$ 236,228	\$ 748,353	\$ 1,009,884	\$ 568,771	\$ 5,533	\$ 5,762,718	\$ 441,578	\$ 46,233	\$ 39,778	\$ -	\$ 219,715	\$ 59,775	\$ 807,079	\$ 6,569,797
Program acquisitions	2,376,397	72	-	-	-	-	-	2,376,469	78,565	8,139	-	3,673	-	-	90,377	2,466,846
Professional services	654,746	50,226	114,447	290,067	1,035,839	49,043	123,466	2,317,834	16,603	58,080	2,626	826	24,015	-	102,150	2,419,984
Contributed goods and services	-	269,293	185	7,357	7,000	2,294	-	286,129	3,139	-	-	-	105,259	670	109,068	395,197
Mailing and shipping	3,239	3,717	279	3,051	746,638	284	109	757,317	-	372	-	11,894	31,067	-	43,333	800,650
Printing and duplicating	11,888	1,706	29,767	12,148	19,974	3,952	220	79,655	-	-	1,626	-	7,635	-	9,261	88,916
Building, distribution, and software	1,967	1,126,600	-	3,826	49,744	-	5,000	1,187,137	3,590	36,153	-	74,767	1,950	-	116,460	1,303,597
Subscriptions, dues, and licenses	53,160	31,740	1,831	41,850	82,573	1,000	100	212,254	-	316	-	9,454	5,695	-	15,465	227,719
Premiums, advertising, and promotions	23,203	2,106	71,416	-	525,316	-	-	622,041	-	-	986	750	29,464	-	31,200	653,241
Supplies and videotapes	21,677	53,958	11,337	11,819	13,188	891	87	112,957	1,220	7,320	1,570	2,006	2,651	-	14,767	127,724
Travel, parking, and mileage	100,090	20,511	4,842	12,814	11,501	8,293	1,066	159,117	952	-	-	150	2,983	372	4,457	163,574
Insurance	25,021	-	-	62,961	989	-	-	88,971	-	-	-	-	-	-	-	88,971
Telephone and connectivity	9,092	84,703	-	14,049	2,560	1,200	-	111,604	-	23,418	-	-	-	200	23,618	135,222
Interest	132	390	-	56,533	5,565	-	-	62,620	-	1,418	-	3,972	-	-	5,390	68,010
Training and meetings	28,218	21,763	3,009	28,930	46,391	8,505	1,327	138,143	1,109	-	131	559	10,854	164	12,817	150,960
Repairs and maintenance	490	118,932	-	-	-	-	-	119,422	-	16,466	-	-	-	-	16,466	135,888
Special events	1,372	3,331	-	3,648	19,190	6,597	-	34,138	1,229	-	-	329	54,554	-	56,112	90,250
Recruiting	2,622	2,001	-	-	79	-	-	4,702	39	-	-	-	-	-	39	4,741
Bad debt	250	11,469	-	-	-	44,196	-	55,915	-	-	-	-	-	3,889	3,889	59,804
Total expenses before depreciation and amortization	5,572,608	2,737,423	473,341	1,297,406	3,576,431	695,026	136,908	14,489,143	548,024	197,915	46,717	108,380	495,842	65,070	1,461,948	15,951,091
Depreciation and amortization	247,566	434,392	5,302	56,275	53,925	8,110	-	805,570	86,297	14,247	-	12,164	1,394	2,018	116,120	921,690
Total expenses	\$ 5,820,174	\$ 3,171,815	\$ 478,643	\$ 1,353,681	\$ 3,630,356	\$ 703,136	\$ 136,908	\$15,294,713	\$ 634,321	\$ 212,162	\$ 46,717	\$ 120,544	\$ 497,236	\$ 67,088	\$ 1,578,068	\$16,872,781

**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