Community Radio for Northern Colorado

Financial Statements

As of and For the Years Ended
September 30, 2022 and 2021

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO
International Limited, a UK company limited by guarantee.

Community Radio for Northern Colorado

Contents

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Independent Auditor's Report

Board of Directors
Community Radio for Northern Colorado
Greeley, Colorado

Opinion

We have audited the financial statements of the Community Radio for Northern Colorado (the Organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

April 12, 2023

Community Radio for Northern Colorado

Statements of Financial Position

September 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	**$ 2,319,283**	$ 2,970,515
Underwriting receivables, net	**206,515**	106,515
Other receivables	**11,145**	11,145
Prepaid expenses	**203,357**	146,525
Total current assets	**2,740,300**	3,234,700
Investments		
Contingency funds	**1,349,904**	894,618
Endowment account	**419,575**	501,292
Total Investments	**1,769,479**	1,395,910
Property and equipment		
Music library	**42,400**	42,400
Leasehold improvements	**86,480**	86,480
Equipment and furniture	**1,628,505**	1,555,030
	1,757,385	1,683,910
Less: Accumulated depreciation	**(1,526,469)**	(1,435,278)
Total property and equipment, net	**230,916**	248,632
Intangible assets:		
FCC licenses	**4,181,447**	4,181,447
Total assets	**$ 8,922,142**	$ 9,060,689
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 428,438**	$ 187,825
Accrued payroll	**68,134**	89,943
Total liabilities	**496,572**	**277,768**
Commitments and contingencies		
Net assets		
Without donor restrictions		
Undesignated	**6,524,579**	6,911,410
Board designated		
Operating reserves	**1,111,062**	1,027,664
Capital reserves	**370,354**	342,555
With donor restrictions	**419,575**	501,292
Total net assets	**8,425,570**	8,782,921
Total liabilities and net assets	**$ 8,922,142**	$ 9,060,689

See accompanying notes to the financial statements.

Community Radio for Northern Colorado

Statements of Activities

Year Ended September 30,	2022	2021
Change in net assets without donor restrictions		
Revenue from operations		
Underwriting	**$ 1,210,055**	$ 1,139,862
Capital reporting project	**-**	44,844
Cable royalties and other income	**-**	880
Total revenue from operations	**1,210,055**	1,185,586
Public support		
Contributions of cash and other financial assets	**3,441,708**	3,733,091
Special events	**54,874**	-
CPB grants	**284,563**	500,452
Other grant revenue	**291,000**	711,766
Total public support	**4,072,145**	4,945,309
Total revenue and public support	**5,282,200**	6,130,895
Expenses from operations		
Program services		
Programming and production	**2,872,057**	2,437,158
Broadcasting	**546,577**	478,486
Program information	**322,458**	354,814
Total program services	**3,741,092**	3,270,458
Management and general	**553,377**	530,013
Fundraising and membership development	**1,057,912**	776,862
Total expenses from operations	**5,352,381**	4,577,333
Revenue and public support over expenses	**(70,181)**	1,553,562
Nonoperating revenue (expense)		
Interest on bank accounts	**2,769**	6,041
Investment loss, net	**(208,222)**	120,940
Total nonoperating revenue	**(205,453)**	126,981
Increase in net assets without donor restrictions	**(275,634)**	1,680,543
Change in net assets with donor restrictions		
Investment loss, net	**(81,717)**	109,411
Change in net assets	**(357,351)**	1,789,954
Net assets, beginning of year	**8,782,921**	6,992,967
Net assets, end of year	**$ 8,425,570**	$ 8,782,921

See accompanying notes to the financial statements.

Community Radio for Northern Colorado

Statement of Functional Expenses - For the Year Ended September 30, 2022

Year Ended September 30, 2022	Programming & Production	Broadcasting	Program Information	Total	Management and General	Fundraising	Total 2022
Salaries and benefits	$ 1,828,273	$ 117,792	$ 37,471	$ 1,983,536	$ 240,362	$ 784,143	$ 3,008,041
Bank and credit card fees	3,866	-	-	3,866	2,418	69,817	76,101
Business insurance	17,911	2,079	-	19,990	19,485	-	39,475
Depreciation	30,104	47,336	-	77,440	13,751	-	91,191
Dues & memberships	17,589	1,786	-	19,375	5,280	7,264	31,919
Equipment maintenance	2,502	81,519	-	84,021	3,556	1,890	89,467
Information technology	155,412	47,048	276,187	478,647	53,516	37,190	569,353
Interest expense	-	-	-	-	-	-	-
Marketing	258	-	-	258	(1)	200	457
Occupancy	116,563	12,951	-	129,514	41,176	-	170,690
Other expense	11,319	786	8,800	20,905	22,285	24,790	67,980
Purchased services	194,432	8,151	-	202,583	113,097	22,143	337,823
Postage and postal services	294	1,262	-	1,556	2,214	35,306	39,076
Premiums & promotional	5,794	-	-	5,794	7,596	18,163	31,553
Printing	-	-	-	-	520	26,342	26,862
Professional development	7,066	1,512	-	8,578	10,335	3,678	22,591
Programming and delivery fees	425,796	33,675	-	459,471	-	-	459,471
Special events	-	-	-	-	-	16,430	16,430
Supplies	12,263	9,264	-	21,527	2,741	2,773	27,041
Telephone	19,080	8,398	-	27,478	6,339	3,360	37,177
Tower rent & electricity	-	163,586	-	163,586	-	-	163,586
Travel & vehicle expense	23,535	9,432	-	32,967	8,707	4,423	46,097
Total functional expenses	$ 2,872,057	$ 546,577	$ 322,458	$ 3,741,092	$ 553,377	$ 1,057,912	$ 5,352,381
	54%	*10%*	*6%*	*70%*	*10%*	*20%*	*100%*

See accompanying notes to the financial statements.

Community Radio for Northern Colorado

Statement of Functional Expenses - For the Year Ended September 30, 2021

Year Ended September 30, 2021	Programming & Production	Broadcasting	Program Information	Total	Management and General	Fundraising	Total 2021
Salaries and benefits	$ 1,752,004	$ 107,875	$ 96,826	$ 1,956,705	$ 204,660	$ 537,491	$ 2,698,856
Bank and credit card fees	-	-	-	-	18,604	78,794	97,398
Business insurance	10,608	6,973	-	17,581	15,371	-	32,952
Depreciation	-	57,600	-	57,600	57,600	-	115,200
Dues & memberships	13,667	550	-	14,217	5,895	3,692	23,804
Equipment maintenance	276	34,911	-	35,187	7,540	275	43,002
Information technology	36,229	30,730	246,207	313,166	18,806	65,474	397,446
Interest expense	-	-	-	-	7,700	-	7,700
Marketing	-	-	11,276	11,276	-	-	11,276
Occupancy	101,412	11,268	-	112,680	37,380	-	150,060
Other expense	22,848	-	100	22,948	19,586	11,499	54,033
Purchased services	74,218	4,500	-	78,718	69,126	2,688	150,532
Postage and postal services	-	787	-	787	3,051	38,443	42,281
Premiums & promotional	-	-	-	-	-	22,453	22,453
Printing	-	-	-	-	3,313	5,544	8,857
Professional development	2,672	-	-	2,672	51,098	648	54,418
Programming and delivery fees	382,104	33,138	-	415,242	-	-	415,242
Special events	-	-	-	-	-	-	-
Supplies	12,088	14,045	-	26,133	3,776	5,401	35,310
Telephone	22,387	11,400	405	34,192	5,226	3,660	43,078
Tower rent & electricity	-	157,642	-	157,642	-	-	157,642
Travel & vehicle expense	6,645	7,067	-	13,712	1,281	800	15,793
Total functional expenses	$ 2,437,158	$ 478,486	$ 354,814	$ 3,270,458	$ 530,013	$ 776,862	$ 4,577,333
	53%	*10%*	*8%*	*71%*	*12%*	*17%*	*100%*

See accompanying notes to the financial statements.

Community Radio for Northern Colorado

Statements of Cash Flows

Year Ended September 30,	2022	2021
Cash flows from operating activities		
Cash received (paid) for		
Underwriting	**$ 1,110,055**	$ 1,168,168
Capitol reporting project	**-**	44,844
Cable royalties and other income	**-**	880
Contributions and grants	**4,048,638**	4,346,681
Interest income	**2,768**	(16,795)
Salaries and benefits	**(2,697,009)**	(2,657,675)
Payment to vendors	**(2,402,209)**	(1,715,270)
Interest expense	**-**	(7,700)
Net cash provided by operating activities	**62,243**	1,163,133
Cash flows from investing activities		
Purchase of investments	**(640,000)**	(240,000)
Purchases of property and equipment	**(73,475)**	(98,701)
Net cash provided used in investing activities	**(713,475)**	(338,701)
Cash flows from financing activities		
Principal payments on long-term borrowings	**-**	(499,866)
Net cash used in financing activities	**-**	(499,866)
Net (decrease) increase in cash and cash equivalents	**(651,232)**	324,566
Cash and cash equivalents, beginning of year	**2,970,515**	2,645,949
Cash and cash equivalents, end of year	**$ 2,319,283**	$ 2,970,515

See accompanying notes to the financial statements.

1. Summary of Accounting Policies

The summary of accounting policies of the Community Radio for Northern Colorado (the "Organization" or "CRNC") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of financial statements.

Organization and Nature of Activities

CRNC is a non-profit, community-based corporation serving Colorado through its noncommercial network of radio station licenses and translator licenses. The Organization was incorporated on February 12, 2001.

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

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

KUNC blends nationally produced programming with stories from CRNC's regional news department to provide a mix of international, national, and regional news for its audience. CRNC's regional news department focuses on enterprise journalism and breaking news coverage. CRNC also produces, Colorado Edition - a daily audio news magazine focused on in-depth Colorado news and exploring life in the region.

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

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

Basis of Presentation

The Organization reports information on the accrual basis, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Regarding its financial position and activities, net assets are classified as follows:

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are not held for long-term purposes, to be cash and cash equivalents.

Underwriting and Other Receivables

Receivables consist primarily of noninterest-bearing amounts due for underwriting. These are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus, underwriting receivables do not bear interest. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At September 30, 2022 and 2021, the allowance was $5,000.

Investments

The Organization records investments at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the statements of financial position.

Fair Value Measurements

Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures* requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value for all financial instruments required to be measured at fair value, into three broad levels as described below:

- **Level 1 -** Quoted market prices in active markets for identical assets and liabilities;
- **Level 2 -** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data;
- **Level 3 -** Unobservable inputs are used when little or no market data is available.

This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement.

Property and Equipment

Property and equipment purchases are recorded at cost or, if donated, 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, which range from 5 to 20 years. Property and equipment acquired with cost or value in excess of $1,000 is capitalized. Expenditures for maintenance, repairs, and minor replacements for lesser amounts are expensed.

Long-Lived Assets

The Organization 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 Organization looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. Management is not aware of any indications of impairment and therefore no impairment loss was recorded during the years ended September 30, 2022 or 2021.

Revenue Recognition

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

Contributions with donor restrictions are recognized as revenue with donor restrictions. Generally, donors place restrictions on contributions for a specific time period and/or a specific use or purpose. Once donor restrictions have been satisfied, donor restricted revenue is released and reclassified as revenue without donor restriction. If a restriction is fulfilled in the same year in which the contribution is received, the entity reports the support as without donor restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

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

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

In-kind Contributions

Volunteers contribute time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received for the years ended September 30, 2022 and 2021.

Functional Allocation of Expenses

The costs of conducting the various programs and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function and reports certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and rent and utilities which have been allocated on a square footage basis, as well as salaries and related expenses and staff benefits which are allocated on the basis of estimates of time and effort.

Income Taxes and Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC"). Accordingly, no provision for income taxes is made for federal, state, or local taxes. In addition, the Internal Revenue Service ("IRS") has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the IRC.

The Organization 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. Management has determined no uncertain tax positions have been taken, and therefore, no amount has been recognized as of September 30, 2022. If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. The Organization is no longer subject to federal, state and local tax examinations by tax authorities for years before 2019.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and such differences could be material.

Credit Risk

The Organization manages deposit concentration risk by placing their temporary cash and cash equivalents with reputable financial institutions. At times, amounts on deposit may exceed federally insured limits. The Organization has never experienced any losses from this exposure.

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) on Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Organization retrospectively adopted the standard during the year ended September 30, 2022. The standard did not have a material impact on the financial statements.

Recently Issued Accounting Pronouncements

The FASB issued ASU No. 2016-02, *Leases* (Topic 842), which replaces existing lease accounting guidance. This new guidance is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the statement of financial position. The guidance will also require additional disclosures to better inform financial statement users of the amount, timing and uncertainty of cash flows arising from leases. The primary impact of this guidance, which is effective for fiscal years beginning after December 15, 2021, will be to record right-of-use assets and lease obligations for current operating leases. The impact of this standard on the Organization's financial statements is being evaluated.

2. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position comprise the following:

September 30,	**2022**	**2021**
Financial assets at year end		
Cash and cash equivalents	**$ 2,319,283**	$ 2,970,515
Underwriting receivables, net	**206,515**	106,515
Other receivables	**11,145**	11,145
Investments	**1,769,479**	1,395,910
Total financial assets at year end	**4,306,422**	4,484,085
Less amounts not available to be used within one year		
Investments held in endowment	**419,575**	501,292
	$ 3,886,847	$ 3,982,793

As part of the liquidity management plans, the Organization expects cash flows from operations to continue to be sufficient to fund ongoing operating activities. In addition to financial assets available to meet general expenditures, the Organization operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures, outside of depreciation, not covered by donor-restricted resources.

The Organization has net assets designated by the Board of Directors for operating reserves of approximately $1,111,000. The Board of Directors has designated approximately $370,000 of net assets for future capital expansion, replacement, or major repairs.

3. Investments and Fair Value Measurements

The Organization categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Financial assets carried at fair value as described above are classified in the tables below as of September 30;

2022	**Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Contingency Fund					
Fixed income	**$ 359,750**	**$ 352,798**	**$ 352,798**	**$ -**	**$ -**
Money market funds	**30,724**	**30,724**	**30,724**	**-**	**-**
Equity funds	**1,051,220**	**966,382**	**966,382**	**-**	**-**
Total contingency fund	**1,441,694**	**1,349,904**	**1,349,904**	**-**	**-**
Endowment Fund					
Fixed income	**87,979**	**87,600**	**87,600**	**-**	**-**
Money market funds	**2,835**	**2,835**	**2,835**	**-**	**-**
Equity funds	**289,105**	**329,140**	**329,140**	**-**	**-**
Total endowment fund	**379,919**	**419,575**	**419,575**	**-**	**-**
Total investments	**$1,821,613**	**$1,769,479**	**$1,769,479**	**$ -**	**$ -**

2021	**Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Contingency Fund					
Fixed income		$ -	$ -		$ -
Money market funds	370,163	370,162	370,162	-	-
Equity funds	385,561	524,456	524,456	-	-
Total contingency fund	755,724	894,618	894,618	-	-
Endowment Fund					
Money market funds	81,346	81,346	81,346	-	-
Equity funds	273,010	419,946	419,946	-	-
Total endowment fund	354,356	501,292	501,292	-	-
Total investments	$ 1,110,080	$ 1,395,910	$ 1,395,910	$ -	$ -

The table below summarizes the components of investment income, as reported in the statement of activities for the years ended September 30, 2022 and 2021:

	Without Donor Restriction		With Donor Restriction		Total	
	2022	2021	2022	2021	2022	2021
Interest and dividend income	**$ 25,321**	$ 12,089	**$ 17,927**	$ 11,151	**$ 43,248**	$ 23,240
Net realized and unrealized loss	**(226,064)**	113,446	**(95,619)**	101,110	**(321,683)**	214,556
Investment fees	**(7,479)**	(4,595)	**(4,025)**	(2,850)	**(11,504)**	(7,445)
Net investment earnings	**$ (208,222)**	$ 120,940	**$ (81,717)**	$ 109,411	**$ (289,939)**	$ 230,351

4. Endowment

The Organization's endowment consists of the endowment fund investments mentioned in Note 3, *Investments and Fair Value Measurements*. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In 2008, the state of Colorado enacted UPMIFA, and the Financial Accounting Standards Board issued guidance on the net asset classification of donor- restricted endowment funds that are subject to UPMIFA, as well as additional disclosure requirements for donor-restricted endowments.

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of the initial and subsequent gift amounts (including promises to give net of discounts and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts net retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization;
- The investment policies of the Organization.

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

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

CRNC has a policy of appropriating for distribution each year up to 4% of the average of the corpus of the endowment's market value on June 30th for each of the five immediately preceding years, as approved by the CRNC Board of Directors, in accordance with the endowment mission and purpose. In the year ended September 30, 2022 and 2021, the Board of Directors did not appropriate this distribution.

If distribution of the appropriated earnings would cause the CRNC value to fall below the corpus, then the annual spending allocation amount is limited to the amount in excess of the corpus.

Following are the changes in endowment net assets for the years ended September 30, 2022 and 2021:

	With Donor Restrictions		
	Unappropriated Earnings	**To be held in perpetuity**	**Total**
Endowment net assets, October 1, 2020	$ 246,206	$ 145,675	$ 391,881
Investment earnings, net	109,411	-	109,411
Contributions	-	-	-
Distributions	-	-	-
Endowment net assets, September 30, 2021	$ 355,617	$ 145,675	$ 501,292
Investment loss, net	**(81,717)**	**-**	**(81,717)**
Contributions	**-**	**-**	**-**
Distributions	**-**	**-**	**-**
Endowment net assets, September 30, 2022	**$ 273,900**	**$ 145,675**	**$ 419,575**

5. Intangible Assets

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

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

The FCC licenses, including those subsequently purchased, are considered to have an indefinite life and therefore are not amortized. The primary licenses expire in April 2029 and can be renewed. The useful life of licenses will be evaluated each year and if any are determined to have a definite useful life, the asset will be amortized over the remaining years.

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

6. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

September 30,	**2022**	**2021**
Endowments:		
Endowment to be held in perpetuity	**$ 145,675**	$ 145,675
Unappropriated endowment funds	**273,900**	355,617
Total net assets with donor restrictions	**$ 419,575**	$ 501,292

Net Assets without Donor Restrictions

Net assets without donor undesignated, or designated are restricted for the following purposes or periods:

September 30,	**2022**	**2021**
Undesignated	**$ 6,524,579**	$ 6,911,410
Board designated		
Reserves	**1,111,062**	1,027,664
Capital improvements	**370,354**	342,555
Total net assets without donor restrictions	**$ 8,005,995**	$ 8,281,629

7. Operating Lease Obligations

CRNC leases office space maturing in 2026 and transmitter towers maturing between 2022 through 2032. Future minimum payments by year under non-cancellable operating leases consist of the following at September 30, 2022:

Year Ending September 30,		
2023	$	206,766
2024		190,904
2025		164,234
2026		134,859
2027		21,993
Thereafter		37,200
Total	$	755,956

8. Line Of Credit

During the year ended September 30, 2021 CRNC had a line of credit agreement with a bank for $100,000. The variable interest rate equaled the Prime Rate as published by The Wall Street Journal, or 3.25% at September 30, 2021. There was no balance on the line at September 30, 2021. The line matured in October 2021 and was not renewed.

9. Other Grant Revenue

On April 5, 2020, the Organization received loan proceeds in the amount of $ 531,400 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides loans to qualifying entities in amounts up to 2.5 times the entity's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes including payroll, benefits, rent, and utilities. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized $ 531,400 as a component of grant revenue within other grant revenue for the year ended September 30, 2022.

10. Retirement Plan

CRNC maintains a 403(b) tax-deferred annuity plan for all employees. Employees have the option of directing part of their pay into the plan. The employee deferral is matched equally by CRNC up to a maximum of 6% of the employee’s annual salary. CRNC contributions for the years ended September 30, 2022 and 2021 were $101,184 and $86,523 respectively.

11. Subsequent Events

The Organization has evaluated subsequent events through April 12, 2023, which is the date these financial statements were available to be issued. There are no subsequent events that require additional disclosure in these financial statements.