Community Radio for Northern Colorado

Audited Financial Statements and Report of Independent Auditor

For the years ended September 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Radio for Northern Colorado

Opinion

We have audited the accompanying financial statements of Community Radio for Northern Colorado (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Radio for Northern Colorado as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Community Radio for Northern Colorado and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adjustments to Prior Period Financial Statements

The financial statements of Community Radio for Northern Colorado as of September 30, 2022 were audited by other auditors whose opinion dated April 12,2023, on those statements was unmodified. As more fully described in Note 10, the Company has restated its September 30, 2022 financial statements during the current year to correct for misstatements in the statement of financial position and statement of activity accounts, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the September 30, 2022 financial statements before the restatement.

As part of our audit of the September 30, 2023 financial statements, we also audited adjustments described in Note 10 that were applied to restate the September 30,2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the September 30, 2022 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the September 30, 2022 financial statements as a whole.

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 Community Radio for Northern Colorado's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Community Radio for Northern Colorado'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 Community Radio for Northern Colorado'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.

Haynie & Company

Littleton, Colorado
January 20, 2024

Community Radio for Northern Colorado

Statements of Financial Position

September 30, 2023 and 2022

	2023	2022
Assets		*Restated*
Current Assets		
Cash and cash equivalents	$ 1,085,086	$ 2,319,283
Underwriting receivables, net	147,767	153,662
Other receivables	118,520	100,000
Prepaid expenses	64,568	88,872
Total Current Assets	1,415,941	2,661,817
Investments		
Contingency funds	1,536,498	1,349,904
Endowment account	477,181	419,575
Total Investments	2,013,679	1,769,479
Operating right-of-use assets	1,531,082	-
Property and Equipment		
Music library	42,400	42,400
Leasehold improvements	122,547	86,480
Equipment and furniture	1,870,652	1,628,505
	2,035,599	1,757,385
Less accumulated depreciation	(1,599,647)	(1,526,469)
Net Property and Equipment	435,952	230,916
Intangible assets		
FCC licenses	4,181,447	4,181,447
Total Assets	$ 9,578,101	$ 8,843,659
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 339,837	$ 428,440
Accrued payroll	209,163	57,515
Current portion - lease liabilities	214,832	-
Total Current Liabilities	763,832	485,955
Long-Term Liabilities		
Operating lease liabilities, less current portion	1,350,915	-
Total Long-Term Liabilities	1,350,915	-
Total Liabilities	2,114,747	485,955
Net Assets		
Without Donor Restrictions		
Undesignated	5,436,763	6,396,649
Board designated		
Operating reserves	1,111,062	1,111,062
Capital reserves	370,354	370,354
With Donor Restrictions	545,175	479,639
Total Net Assets	7,463,354	8,357,704
Total Liabilities and Net Assets	$ 9,578,101	$ 8,843,659

See accompanying notes and independent auditors report.

Community Radio for Northern Colorado
Statements of Activities
For the Years Ended September 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
				Restated
Revenue from contracts with customers:				
Underwriting	$ 1,118,818	$ -	$ 1,118,818	$1,210,055
Total revenue from contracts with customers	1,118,818	-	1,118,818	1,210,055
Public support				
Contributions of cash and other financial assets	3,654,552	7,930	3,662,482	3,441,708
Special events	76,977	-	76,977	54,874
CPB grants	300,364	-	300,364	284,563
Other grant revenue	129,119	-	129,119	291,000
Total public support	4,161,012	7,930	4,168,942	4,072,145
Nonoperating revenue (expense)				
Interest on bank accounts	5,426	-	5,426	2,769
Investment income (loss) net	178,667	57,606	236,273	(289,939)
Total nonoperating revenue	184,093	57,606	241,699	(287,170)
Net Assets Released from Restrictions	-	-	-	-
Total revenue, gains and public support	5,463,923	65,536	5,529,459	4,995,030
Expenses from operations				
Program services:				
Programming and production	3,692,759	-	3,692,759	2,874,776
Broadcasting	483,879	-	483,879	552,542
Program information	39,900	-	39,900	322,458
Total program services	4,216,538	-	4,216,538	3,749,776
Supporting services				
Management and general	891,161	-	891,161	552,607
Fundraising and membership development	1,316,110	-	1,316,110	1,058,449
Total supporting services	2,207,271	-	2,207,271	1,611,056
Total Expenses	6,423,809	-	6,423,809	5,360,832
Change in Net Assets	(959,886)	65,536	(894,350)	(365,802)
Net Asset - Beginning of Year	7,878,065	479,639	8,357,704	8,723,506
Net Assets - End of Year	$ 6,918,179	$ 545,175	$ 7,463,354	$8,357,704

See accompanying notes and independent auditors report.

Community Radio for Northern Colorado
Statement of Functional Expenses
For the Year Ended September 30, 2023

	Program Services				Supporting Services			
	Programming & Production	Broadcasting	Program Information	Total Program Services	Management and General	Fundraising & Membership Development	Total Supporting Services	Total
Salaries and benefits	$ 2,349,879	$ 34,546	$ 34,679	$ 2,419,104	$ 500,635	$ 976,266	$ 1,476,901	$ 3,896,005
Bank and credit cards	3,845	-	-	3,845	115	68,417	68,532	72,377
Business insurance	2,121	-	-	2,121	37,980	-	37,980	40,101
Depreciation	18,372	42,657	-	61,029	12,150	-	12,150	73,179
Dues and memberships	19,137	1,020	-	20,157	34,176	16,239	50,415	70,572
Equipment maintenance	19	9,100	-	9,119	482	-	482	9,601
Information technology	58,659	29,270	3,195	91,124	36,467	67,083	103,550	194,674
Marketing	639	-	490	1,129	2,500	1,186	3,686	4,815
Occupancy	121,808	13,534	-	135,342	44,037	-	44,037	179,379
Other expense	8,495	232	1,536	10,263	32,666	7,490	40,156	50,419
Purchased services	267,480	126,984	-	394,464	133,680	27,292	160,972	555,436
Postage and postal services	115	237	-	352	2,324	24,217	26,541	26,893
Premiums and promotional	12,878	-	-	12,878	-	24,639	24,639	37,517
Printing	564	-	-	564	1,983	27,648	29,631	30,195
Professional development	10,002	500	-	10,502	18,958	5,304	24,262	34,764
Programming and delivery fees	749,076	-	-	749,076	-	-	-	749,076
Special events	-	-	-	-	-	61,032	61,032	61,032
Supplies	6,877	44	-	6,921	1,679	863	2,542	9,463
Telephone	14,908	13,913	-	28,821	4,518	-	4,518	33,339
Tower rent and electricity	-	208,248	-	208,248	-	-	-	208,248
Travel & vehicle expense	47,885	3,594	-	51,479	26,811	8,434	35,245	86,724
Total	$ 3,692,759	$ 483,879	$ 39,900	$ 4,216,538	$ 891,161	$ 1,316,110	$ 2,207,271	$ 6,423,809

See accompanying notes and independent auditors report.

Community Radio for Northern Colorado
Statement of Functional Expenses
For the Year Ended September 30, 2022

	Program Services				Supporting Services			
	Programming & Production	Broadcasting	Program Information	Total Program Services	Management and General	Fundraising & Membership Development	Total Supporting Services	Total *Restated*
Salaries and benefits	$ 1,825,870	$ 117,792	$ 37,471	$ 1,981,133	$ 233,055	$ 782,083	$ 1,015,138	$2,996,271
Bank and credit cards	3,866	-	-	3,866	2,418	71,006	73,424	77,290
Business insurance	17,911	2,079	-	19,990	19,485	-	19,485	39,475
Depreciation	30,104	46,164	-	76,268	13,751	-	13,751	90,019
Dues and memberships	17,589	10,166	-	27,755	5,280	7,264	12,544	40,299
Equipment maintenance	2,502	81,519	-	84,021	3,556	1,890	5,446	89,467
Information technology	155,644	47,048	276,187	478,879	53,747	37,190	90,937	569,816
Marketing	258	-	-	258	(1)	200	199	457
Occupancy	116,463	12,940	-	129,403	41,148	-	41,148	170,551
Other expense	11,319	786	8,800	20,905	25,395	24,790	50,185	71,090
Purchased services	194,432	8,151	-	202,583	116,404	22,143	138,547	341,130
Postage and postal services	294	1,262	-	1,556	2,244	35,306	37,550	39,106
Premiums and promotional	5,794	-	-	5,794	7,596	21,436	29,032	34,826
Printing	-	-	-	-	520	26,867	27,387	27,387
Professional development	1,307	280	-	1,587	1,913	681	2,594	4,181
Programming and delivery fees	425,796	33,675	-	459,471	-	-	-	459,471
Special events	-	-	-	-	-	17,037	17,037	17,037
Supplies	23,093	9,264	-	32,357	7,164	2,773	9,937	42,294
Telephone	18,999	8,398	-	27,397	6,306	3,360	9,666	37,063
Tower rent and electricity	-	163,586	-	163,586	-	-	-	163,586
Travel & vehicle expense	23,535	9,432	-	32,967	12,626	4,423	17,049	50,016
Total	$ 2,874,776	$ 552,542	$ 322,458	$ 3,749,776	$ 552,607	$ 1,058,449	$ 1,611,056	$5,360,832

Community Radio for Northern Colorado

Statements of Cash Flows

For the Years Ended September 30, 2023 and 2022

	2023	2022 *Restated*
Cash flows from Operating Activities:		
Change in net assets	$ (894,350)	(365,802)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	12,150	13,751
(Increase) Decrease:		
Underwriting receivables, net	5,895	(47,147)
Other receivables	(18,520)	(88,855)
Prepaid expenses	24,304	57,653
Increase (Decrease):		
Accounts payable	(88,603)	240,615
Accrued payroll	151,648	(32,428)
Net Cash from Operating Activities	(807,476)	(222,213)
Cash Flows from Investing Activities		
Purchase of investments	(209,536)	(431,812)
Purchase of property and equipment	(278,214)	(73,475)
Net Cash from Investing Activities	(487,750)	(505,287)
Net increase (decrease) in cash and cash equivalents	(1,295,226)	(727,500)
Cash and cash equivalents, beginning of year	2,243,015	2,970,515
Cash and cash equivalents, end of year	$ 947,789	$ 2,243,015

See accompanying notes and independent auditors report.

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

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.

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.

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and 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 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, 2023 and 2022, the allowance was $0.

Other receivables consist of contributions or grants that are due for the current year and are reasonably estimable and collection is reasonably assured.

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.

1. Summary of Significant Accounting Policies (continued)

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, 2023 or 2022.

Revenues from Contracts with Customers

The Organization recognizes revenues from underwriting contracts and other services at the time the underwriting spot or other performance obligation is delivered to the customer.

1. Summary of Significant Accounting Policies (continued)

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 statement of financial position 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.

Leases - Lessee

The Organization recognizes a right-of-use asset and liability for all operating leases with terms in excess of 12 months, including periods from any renewal or extension options that the Organization is reasonably certain to exercise. The lease liability is recorded at the present value of minimum lease payments at the rate implicit in the lease, if known, or the risk-free rate. The lease liability is reduced as lease payments are made throughout the life of the lease. The right-of-use asset will be reduced as lease expense is recognized on a straight-line basis throughout the life of the lease. The total lease expense will be equal to the total lease component payments made for the lease.

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, 2023 and 2022.

Advertising Costs

Advertising Costs are charged to operations as incurred.

1. Summary of Significant Accounting Policies (continued)

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, 2023. 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 three years after the returns are filed.

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.

Recently Adopted Accounting Standards

Effective October 1, 2022, the Organization adopted ASU Statement No. 2016-02, “Leases” (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required for the Organization for the existing operating leases the beginning in the year of adoption, with certain practical expedients available.

1. Summary of Significant Accounting Policies (continued)

As a result of implementation, a right-of-use lease asset and a lease liability totaling $1,709,258 was recorded as of October 1, 2022.

Concentration of 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 the $250,000 federally insured limits. The Organization has not experienced any losses from this exposure.

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,	2023	2022
Financial assets at year end		
Cash and cash equivalents	$ 1,085,086	$ 2,319,283
Underwriting receivables, net	147,767	153,662
Other receivables	118,520	100,000
Investments	2,013,679	1,769,479
Total financial assets at year end	3,365,052	4,342,424
Less amounts not available to be used within one year		
Donor restricted amounts for fellowship	(67,994)	(60,064)
Investments held in endowment	(477,181)	(419,575)
	$ 2,819,877	$ 3,862,785

As part of the liquidity management plans, the Organization expects cash flows 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 $1,111,062. The Board of Directors has designated $370,354 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:

2023	Cost	Fair Market Value	Level 1	Level 2	Level 3
Contingency Fund					
Fixed income	$ 381,035	$ 380,866	$ 380,866	$ -	$ -
Equity funds	1,065,931	1,136,264	1,136,264	-	-
Total Contingency Fund	1,446,966	1,517,131	1,517,131	-	-
Endowment Fund					
Fixed income	117,085	118,130	118,130	-	-
Money market funds	3,303	3,303	3,303	-	-
Equity funds	276,956	355,748	355,748	-	-
Total Endowment Fund	397,344	477,181	477,181	-	-
Total Investments	$ 1,844,310	$ 1,994,311	$ 1,994,311	$ -	$ -

2022	Cost	Fair Market Value	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	$ -	$ -

3. Investments and Fair Value Measurements (continued)

The table below summarizes the components of investment income, as reported in the statement of activities, for the years ended September 30, 2023 and 2022:

	Without Donor Restriction		With Donor Restriction		Total	
	2023	2022	2023	2022	2023	2022
Interest & dividend income	$ 32,873	$ 28,090	$ 12,318	$ 17,927	$ 45,191	$ 46,017
Net realized and unrealized gains (losses)	162,788	(226,064)	48,979	(95,619)	211,767	(321,683)
Investment fees	(11,568)	(7,479)	(3,692)	(4,025)	(15,260)	(11,504)
Net investment earnings, (losses)	$ 184,093	$ (205,453)	$ 57,605	$ (81,717)	$ 241,698	$ (287,170)

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:

4. Endowment (continued)

- 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 years ended September 30, 2023 and 2022, 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.

4. Endowment (continued)

Following are the changes in endowment net assets for the years ended September 30, 2023 and 2022:

	With Donor Restrictions		
	Unappropriated Earnings	To be Held in Perpetuity	Total
Endowment net assets, October 1, 2021	$ 355,617	$ 145,675	$ 501,292
Investment loss, net	(81,717)	-	(81,717)
Endowment net assets, September 30, 2022	$ 273,900	$ 145,675	$ 419,575
Investment earnings, net	57,606	-	57,606
Endowment net assets, September 30, 2023	$ 331,506	$ 145,675	$ 477,181

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,	2023	2022
Contributions for fellowship	$ 67,994	$ 60,064
Endowments:		
Endowments to be held in perpetuity	145,675	145,675
Unappropriated endowment funds	331,506	273,900
Total Endowments	477,181	419,575
Total net assets with donor restrictions	$ 545,175	$ 479,639

Net Assets without Donor Restrictions

Net assets without donor restrictions are restricted for the following purposes or periods:

September 30,	2023	2022
Undesignated	$ 5,436,763	$ 6,396,649
Board designated		
Reserves	1,111,062	1,111,062
Capital improvements	370,354	370,354
Total net assets without donor restrictions	$ 6,918,179	$ 7,878,065

7. Leases

CRNC adopted FASB ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), and the additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, "ASC Topic 842") on October 1, 2022 (the "Adoption Date").

CRNC leases an office facility and several tower leases, which include use of the equipment and the use of the translator towers to increase the radio station's coverage. The office lease expires in 2026 and the transmitter tower leases expire on various dates through 2032. Certain lease agreements contain options to extend the leases at predetermined rates. Management determined it was reasonably certain to extend the leases for all lease agreements except the office lease.

7. Leases

Leases arise from contractual obligations that convey the right to control the use of identified property or equipment for a period in exchange for consideration. At the inception of the contract, CRNC determined if an arrangement contains a lease based on whether there is an identified asset and whether CRNC controls the use of the identified asset. CRNC determined the lease classification for all leases was an operating at the commencement date.

A right-of-use asset represents CRNC's right to use an underlying asset and a lease liability represents CRNC's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for CRNC leases are not readily determinable; therefore, CRNC elected to use a risk-free discount rate at the lease commencement date for all new leases and at the Adoption Date.

CRNC's real estate, tower, and transmitter operating leases typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. CRNC elected to combine non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed or variable, based on an index or rate. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

CRNC elected to exclude leases with terms of 12 months or less from the statement of financial positions. CRNC had two short-term leases as of September 30, 2023.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of September 30, 2023:

Operating Leases	
Operating lease right-of-use-assets	$ 1,531,082
Current portion – lease obligations	$ 214,832
Long term – lease obligations	1,350,915
Total operating lease liabilities	$ 1,565,747

The following summarizes the weighted average remaining lease term and discount rate as of September 30, 2023:

Weighted Average Remaining Lease Term	
Operating leases	11.4 years
Weighted Average Discount Rate	
Operating leases	3.98%

7. Leases

Future minimum lease payments under non-cancelable operating leases as of September 30, 2023 were as follows:

	Operating
Year Ending September 30,	
2024	$ 214,832
2025	221,313
2026	174,099
2027	124,274
2028	121,752
Thereafter	1,127,641
Total minimum lease payments	1,983,911
Less: imputed interest	(418,164)
Total future minimum lease payments	$ 1,565,747

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended September 30, 2023:

Operating lease expense included in expense from operations	$ 313,056

The following summarizes cash flow information related to leases for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of Lease liabilities:	
Operating cash flows paid for operating leases	$ 278,391
Right to use lease assets obtained in exchange for lease obligations:	
Operating leases	$ 1,709,258

8. 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.

8. Other Grant Revenue (continued)

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 grant revenue within other grant revenue for the year ended September 30, 2022.

9. 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, 2023 and 2022 were $135,213 and $101,084, respectively.

10. Prior Period Adjustment

During the year ended September 30, 2023, management discovered the following errors:

- Donor restricted contributions were erroneously classified as unrestricted.
- Certain accounts within the statement of financial position and statement of activities did not agree to underlying schedules or reported incorrect balances that carried over from prior years resulting in the following changes:

10. Prior Period Adjustment (continued)

Statement of Financial Position	As previously reported September 30, 2022	Increase / (Decrease)	As restated September 30, 2022
Underwriting receivables, net	206,515	47,147	253,662
Other receivables	11,145	(11,145)	-
Prepaid expenses	203,357	(114,485)	88,872
Total Assets	8,922,142	(78,483)	8,843,659
Accrued payroll	68,134	(10,619)	57,515
Total Liabilities	496,572	(10,617)	485,955
Net assets with donor restrictions	8,005,995	(127,930)	7,878,065
Net assets without donor restrictions	419,575	60,064	479,639
Total Net Assets	8,425,570	(67,866)	8,357,704
Statement of Activities			
Program services expenses	3,741,092	8,684	3,749,776
Management and general expenses	553,377	(770)	552,607
Fundraising and membership development	1,057,912	537	1,058,449
Total expenses	5,352,381	8,451	5,360,832
Change in net assets	(357,351)	(8,451)	(365,802)

The result of these errors was an overstatement of previously reported net assets without donor restrictions and an understatement to net assets with donor restrictions, as well as a prior period adjustment. The financial statement for the year ended September 30, 2022 have been restated to correct these errors.

11. Subsequent Events

The Organization has evaluated subsequent events through January 20, 2024, 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.