Rocky Mountain Public Media, Inc.

Consolidated Financial Report
with Supplemental Information
June 30, 2019

Contents

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Independent Auditor's Report

To the Board of Directors
Rocky Mountain Public Media, Inc.

We have audited the accompanying consolidated financial statements of Rocky Mountain Public Media, Inc. and its subsidiaries (the "Network"), which comprise the consolidated statement of financial position as of June 30, 2019 and 2018 and the related consolidated statements of activities and changes in net assets, 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.

Auditor's 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 audits 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 auditor's 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 auditor considers 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 Media, Inc. and its subsidiaries as of June 30, 2019 and 2018 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the consolidated financial statements, the Network adopted the provisions of Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of July 1, 2018. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

December 19, 2019

Consolidated Statement of Financial Position

June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 8,397,727	$ 1,478,976
Restricted cash - Capital campaign (Note 5)	1,620,927	3,339,011
Receivables - Net of allowances:		
Program underwriting and fees	869,522	1,311,415
Contributions, grants, and other	1,892,212	2,417,773
Capital campaign pledges receivable (Notes 5 and 6)	2,623,836	2,775,889
Total receivables - Net of allowances	5,385,570	6,505,077
Program inventory	108,536	78,901
Investments (Note 7)	10,160,018	9,736,390
Investments - Capital campaign (Note 7)	5,483,727	7,919,733
Operating license	53,017	53,017
Prepaid expenses and other assets	288,817	222,307
Loans and notes receivable (Notes 5 and 9)	6,690,000	-
Investments in subsidiaries	23,503	-
Beneficial interest in trusts (Note 8)	144,886	-
Property and equipment - Net (Note 10)	22,109,725	15,154,489
Total assets	**$ 60,466,453**	**$ 44,487,901**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 4,197,832	$ 1,032,503
Accrued expenses	348,224	362,286
Deferred revenue	99,300	140,796
Deferred gain on sale and leaseback (Note 5)	515,625	765,625
Notes payable (Note 11)	8,478,225	1,316,989
Total liabilities	13,639,206	3,618,199
Net Assets		
Without donor restrictions (Note 12)	35,653,738	31,066,934
With donor restrictions (Note 12)	11,173,509	9,802,768
Total net assets	46,827,247	40,869,702
Total liabilities and net assets	**$ 60,466,453**	**$ 44,487,901**

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Membership	$ 9,413,908	$ -	$ 9,413,908	$ 10,714,080	$ -	$ 10,714,080
Capital campaign	-	1,609,807	1,609,807	-	11,257,130	11,257,130
Underwriting	1,319,956	-	1,319,956	1,504,307	-	1,504,307
Bequests	400,171	-	400,171	486,168	-	486,168
Other gifts	315,011	32,552	347,563	564,404	10,000	574,404
Community service grant	1,841,212	-	1,841,212	1,076,776	-	1,076,776
Other grants	5,029,241	-	5,029,241	2,220,663	-	2,220,663
In-kind donations	192,961	-	192,961	290,831	-	290,831
Program service revenue	17,419	-	17,419	6,256	-	6,256
Service fees and rental	265,749	-	265,749	540,318	-	540,318
Special events - Net of expenses	-	-	-	44,905	-	44,905
Other	118,611	-	118,611	57,500	-	57,500
Net assets released from restrictions	271,618	(271,618)	-	2,332,330	(2,332,330)	-
Total revenue, gains, and other support	19,185,857	1,370,741	20,556,598	19,838,538	8,934,800	28,773,338
Expenses						
Program services:						
Programming and production	5,216,121	-	5,216,121	4,935,851	-	4,935,851
Broadcasting	3,306,483	-	3,306,483	3,110,986	-	3,110,986
Public information	828,591	-	828,591	618,423	-	618,423
Total program services	9,351,195	-	9,351,195	8,665,260	-	8,665,260
Support services:						
Management and general	2,443,501	-	2,443,501	1,602,643	-	1,602,643
Fundraising and development	4,012,076	-	4,012,076	4,155,368	-	4,155,368
Underwriting	716,940	-	716,940	635,066	-	635,066
Building and capital campaign	7,215	-	7,215	185,327	-	185,327
Total support services	7,179,732	-	7,179,732	6,578,404	-	6,578,404
Total expenses	16,530,927	-	16,530,927	15,243,664	-	15,243,664
Increase in Net Assets - Before nonoperating (expense) income	2,654,930	1,370,741	4,025,671	4,594,874	8,934,800	13,529,674
Nonoperating (Expense) Income						
Depreciation	(540,282)	-	(540,282)	(638,429)	-	(638,429)
Investment income - Net of direct advisor fees of $42,500 for 2019 and 2018	601,574	-	601,574	668,371	-	668,371
Gain on sale of property and equipment (Note 5)	1,870,582	-	1,870,582	256,378	-	256,378
Increase in Net Assets	4,586,804	1,370,741	5,957,545	4,881,194	8,934,800	13,815,994
Net Assets - Beginning of year	31,066,934	9,802,768	40,869,702	26,185,740	867,968	27,053,708
Net Assets - End of year	**$ 35,653,738**	**$ 11,173,509**	**$ 46,827,247**	**$ 31,066,934**	**$ 9,802,768**	**$ 40,869,702**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services			Support Services				
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Building and Capital Campaign	2019
Personnel and payroll taxes	$ 2,025,677	$ 1,024,761	$ 570,405	$ 1,054,134	$ 973,717	$ 456,367	$ -	$ 6,105,061
Program acquisitions	2,182,484	15,667	-	-	-	-	-	2,198,151
Professional services	565,904	1,062,253	93,293	402,582	1,070,115	30,424	7,215	3,231,786
Mailing and shipping	2,486	4,064	393	14,718	926,075	287	-	948,023
Printing and duplicating	1,251	47,538	5,587	12,923	1,387	71	-	68,757
Building, distribution, and software	9,327	726,754	150	279,672	1,644	600	-	1,018,147
Building rent	175,195	32,097	1,013	85,491	19,787	7,661	-	321,244
Subscriptions, dues, and licenses	47,463	141,289	508	101,428	16,259	198	-	307,145
Premiums, advertising, and promotions	90,689	42,847	103,113	17,528	541,513	40,968	-	836,658
Supplies and videotapes	25,616	52,011	2,301	18,529	10,227	200	-	108,884
Travel, parking, and mileage	57,604	34,132	14,580	35,804	19,492	6,025	-	167,637
Insurance	1,382	-	-	201,485	-	-	-	202,867
Interest and bank fees	-	300	-	127,296	261,985	-	-	389,581
Trainings and meetings	23,205	36,857	37,248	87,983	159,607	27,237	-	372,137
Repairs and maintenance	6,696	83,851	-	3,928	-	-	-	94,475
Bad debt	1,142	2,062	-	-	10,268	146,902	-	160,374
Depreciation	96,193	369,956	-	39,398	33,459	1,276	-	540,282
Total functional expenses	**$ 5,312,314**	**$ 3,676,439**	**$ 828,591**	**$ 2,482,899**	**$ 4,045,535**	**$ 718,216**	**$ 7,215**	**$ 17,071,209**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services			Support Services				
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Building and Capital Campaign	2018
Personnel and payroll taxes	$ 2,115,016	$ 1,003,099	$ 438,708	$ 769,397	$ 1,123,628	$ 451,021	$ 61,478	$ 5,962,347
Program acquisitions	1,509,140	10,408	-	-	-	-	-	1,519,548
Professional services	703,810	160,329	43,571	402,668	1,294,838	42,457	105,191	2,752,864
Mailing and shipping	5,803	3,019	307	16,896	916,229	302	228	942,784
Printing and duplicating	7,172	4,336	4,755	23,024	20,651	6,349	79	66,366
Building, distribution, and software	4,749	1,308,867	-	92,921	45,500	-	804	1,452,841
Building rent	175,195	32,096	1,013	24,122	19,787	7,661	-	259,874
Subscriptions, dues, and licenses	87,533	46,826	1,443	62,709	95,374	60	219	294,164
Premiums, advertising, and promotions	185,083	2,322	98,065	4,355	383,459	12,295	-	685,579
Supplies and videotapes	23,345	85,157	13,788	12,123	6,837	294	50	141,594
Travel, parking, and mileage	52,785	27,075	8,638	25,872	17,563	8,564	925	141,422
Insurance	29,882	-	-	67,568	208	-	-	97,658
Telephone and connectivity	6,418	199,699	48	21,308	3,275	1,564	-	232,312
Interest and bank fees	-	-	-	6,043	5,086	-	-	11,129
Training and meetings	20,579	33,350	7,958	62,590	118,943	17,713	10,648	271,781
Repairs and maintenance	168	142,266	-	1,987	-	-	-	144,421
Temporary assistance	-	21,418	-	-	-	-	-	21,418
Special events	1,443	4,760	-	8,796	103,359	66	3,205	121,629
Recruiting	1,858	-	129	264	514	-	-	2,765
Indirect costs	4,232	-	-	-	-	-	-	4,232
Bad debt	1,640	25,959	-	-	117	86,720	2,500	116,936
Depreciation	126,499	432,080	-	39,338	37,729	2,783	-	638,429
Total functional expenses	**$ 5,062,350**	**$ 3,543,066**	**$ 618,423**	**$ 1,641,981**	**$ 4,193,097**	**$ 637,849**	**$ 185,327**	**$ 15,882,093**

Consolidated Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Increase in net assets	$ 5,957,545	$ 13,815,994
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	540,282	638,429
Gain on disposal of property and equipment	(1,620,582)	-
Gain on sale and leaseback transactions - Net	(250,000)	(255,208)
Deferred revenue - Capital campaign	-	(4,000,000)
Contributions for capital campaign	(1,609,807)	(11,257,130)
Net realized and unrealized gains on investment	(167,792)	(342,372)
Change in allowance for doubtful accounts	(2,462)	82,247
Contributions of beneficial interests in trusts	(144,886)	-
Changes in certain assets and liabilities:		
Contributions, grants, and other receivables	525,561	(432,273)
Program and underwriting fees receivable	294,355	(32,968)
Capital campaign pledges receivable	152,053	(1,951,552)
Program inventory	(29,635)	(2,170)
Prepaid and other expenses	(66,510)	108,015
Accounts payable	(538,822)	425,717
Accrued expenses	(14,062)	(139,373)
Deferred revenue	(41,496)	(3,823)
Net cash and cash equivalents provided by (used in) operating activities	2,983,742	(3,346,467)
Cash Flows from Investing Activities		
Change in restricted cash	1,718,084	(1,036,070)
Payments for purchase of property and equipment	(7,355,487)	(2,849,720)
Proceeds from disposition of property and equipment	5,334,702	-
Net purchases of investments	2,180,170	(4,345,848)
Payments on notes receivable	(6,690,000)	-
Acquisition of noncontrolling interest	(23,503)	-
Net cash and cash equivalents used in investing activities	(4,836,034)	(8,231,638)
Cash Flows from Financing Activities		
Debt issuance costs	(880,002)	-
Payments on notes payable	(8,621)	(9,693)
Proceeds from note payable	8,049,859	799,281
Contributions for capital campaign	1,609,807	11,257,130
Net cash and cash equivalents provided by financing activities	8,771,043	12,046,718
Net Increase in Cash and Cash Equivalents	6,918,751	468,613
Cash and Cash Equivalents - Beginning of year	1,478,976	1,010,363
Cash and Cash Equivalents - End of year	**$ 8,397,727**	**$ 1,478,976**
Supplemental Cash Flow Information - Interest paid	$ 22,639	$ 11,129
Significant Noncash Transactions - Property and equipment purchases included in accounts payable	3,704,151	-

See notes to consolidated financial statements.

Note 1 - Nature of Business

Rocky Mountain Public Media, Inc. (the "Network"), a nonprofit 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 under the name Rocky Mountain Public Broadcasting Network, Inc. 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 September 22, 2016, the articles of incorporation were amended, and the Network's name was changed to Rocky Mountain Public Media, Inc.

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 percent 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 and family-centered Science Nights and Kids Fun Fest, and it partners with other nonprofits to provide educational content to the community.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Network; Rocky Mountain PBS, a separate nonprofit public television organization that includes I-News; its wholly owned subsidiary RMPB Ventures, Inc., a separate for-profit organization established in June 1997; and KUVO, LLC, a separate nonprofit public radio organization; and I-News. There was no significant operating activity in RMPB Ventures, Inc. during the years ended June 30, 2019 or 2018.

The financial statements also include the accounts of the Network's wholly owned subsidiary Rocky Mountain Public Media QALICB, Inc. (RMPM QALICB) since its incorporation on September 21, 2018 as a Colorado nonprofit corporation and a Section 509(a)(3) supporting organization of the Network, including its activity starting on or about October 30, 2018 as part of the New Markets Tax Credit financing for the Buell Public Media Center, as discussed in Note 5.

All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and 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.

Classification of Net Assets

Net assets of the Network are classified based on the presence or absence of donor-imposed restrictions.

Note 2 - Significant Accounting Policies (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Network.

Net assets with donor restrictions: 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 Network or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Network considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Network continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. 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.

At June 30, 2019 and 2018, amounts included in prepaid and other expenses related to cash that are held in escrow to be used for building maintenance and shared antenna use amounted to $97,323 and $89,562, respectively.

Restricted Cash

The Network maintains a separate cash account for amounts received related to the capital campaign throughout the construction. As of June 30, 2019 and 2018, the balance of this account was $1,620,927 and $3,339,011, respectively.

Investments

Investments in limited liability companies (LLCs) and limited partnerships (LPs) in which the Network has more than a minor interest (generally 3 to 5 percent) are accounted for using the equity method. Under the equity method, the investment is carried at cost, adjusted for the Network's proportionate share of undistributed earnings or losses. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized for 2019.

Investment securities are classified based on the Network's intent with respect to holding securities.

Debt and equity securities are purchased and held principally for the purpose of selling them in the near term and are reported at fair value with unrealized gains and losses included in earnings.

Contributions, Memberships, Grants, and Other Gift Revenue and Receivable

Unconditional promises to give cash and other assets to the Network are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions 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 the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Note 2 - Significant Accounting Policies (Continued)

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

The Network recorded an allowance on the contributions, grants, and other receivables balance of $314,347 and $311,409 at June 30, 2019 and 2018, respectively. That balance is expected to be received within one year.

The Network began incurring costs and receiving pledges in fiscal year 2017 relating to the capital campaign. Multiyear 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 and Related Receivables

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 for doubtful accounts is based on past experience and 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. The allowance at June 30, 2019 and 2018 was $15,699 and $18,161, respectively.

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 percentage 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

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives ranging from 2 to 30 years. The Network capitalizes all expenditures for property and equipment in excess of $5,000 and with a useful life exceeding one year. Costs of maintenance and repairs are charged to expense when incurred. Donated fixed assets are also capitalized at fair value at the date of donation.

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.

Note 2 - Significant Accounting Policies (Continued)

Long-lived Assets

Acquired long-lived assets are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. 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, 2019 and 2018.

Deferred Revenue

Deferred revenue consists of funds received from underwriters for programs that will air in a future period and for funds received from ticket holders for events that will occur in a future period. The revenue will be recognized in applicable future periods when the services are provided and the related expenses are incurred.

In-kind and Donated Services

Certain donated services are recognized as support in the consolidated statement of activities and changes in net assets. The value of these services is determined based on estimated fair value at the date of donation. In-kind goods and services were $192,961 and $290,831 for the years ended June 30, 2019 and 2018, respectively.

A number of volunteers have donated time to the Network. As of June 30, 2019 and 2018, approximately 15,000 and 14,500 volunteer hours were received, 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.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the accompanying consolidated financial statements. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Costs have been allocated between the various programs and support services based on estimates determined by management. Most expenses were directly assigned by management to the various functions, but personnel and payroll taxes were allocated based on estimated time and effort, and building rent and depreciation were allocated based on estimated square footage. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Advertising Expense

The Network uses advertising to promote its programs among the audiences it serves. Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2019 and 2018 was $173,223 and $344,295, respectively.

Income Taxes

The Network is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Network and recognize a tax liability if the Network has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Network and has concluded that, as of June 30, 2019 and 2018, there are no uncertain positions taken.

Note 2 - Significant Accounting Policies (Continued)

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 inconsequential for the years ended June 30, 2019 and 2018.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Network's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Network has not yet determined which application method it will use.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Network's year ending June 30, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Network is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on the Network’s financial statements as a result of the Network's operating leases, as disclosed in Note 15, that will be reported on the consolidated statement of financial position at adoption. Upon adoption, the Network will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of activities are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Network’s year ending June 30, 2020 and will be applied on a modified prospective basis. The Network does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts or the timing of recognition of foundation and individual grants and contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 19, 2019, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2018, the Network adopted ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by the Network, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended June 30, 2018 has been restated as follows: net assets of $9,541,051 previously reported as temporarily restricted net assets and net assets of $261,717 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions.

Note 4 - Liquidity and Availability of Resources

The following reflects the Network's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

Cash and cash equivalents	$ 8,397,727
Restricted cash - Capital campaign	1,620,927
Receivables	5,385,570
Investments	10,160,018
Investments - Capital campaign	5,483,727
Beneficial interest in trusts	144,886
Note receivable	6,690,000
Financial assets - At year end	37,882,855
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions and board designations:	
Receivables restricted by donor with time or purpose restrictions	4,516,048
Capital campaign cash and investments, subject to appropriation and satisfaction of donor restrictions and board designations toward the capital campaign	7,104,654
Beneficial interest in trusts, subject to an implied time restriction and an expressed purpose restriction for the capital campaign	144,866
RMPM QALICB cash, subject to contractual restrictions for the financing of the Buell Public Media Center	5,875,488
Other cash and notes receivable subject to contractual restrictions related to the New Markets Tax Credit financing	6,784,326
Net assets restricted by donor in addition to those listed above	314,281
Financial assets available to meet cash needs for general expenditures within one year	$ 13,143,192

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

Note 4 - Liquidity and Availability of Resources (Continued)

The Network has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Network invests cash in excess of liquidity requirements in various short-term investments.

The Network also realizes there could be unanticipated liquidity needs.

The Network has a committed line of credit in the amount of $1,200,000 at June 30, 2019, which it could draw upon if needed to meet general expenditure liquidity requirements, as discussed in Note 14.

The Network's available borrowing capacity through the notes payable discussed in Note 11 is contractually restricted for the Buell Public Media Center capital campaign and cannot be used to meeting general expenditure liquidity requirements.

Note 5 - Buell Public Media Center 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 Buell Public Media Center (BPMC) is to raise $34,000,000 from a variety of funding sources.

Some of the key funding sources are outlined below:

For the years ended June 30, 2019 and 2018, the Network raised $1,609,807 and $11,257,130, respectively, in capital campaign contributions and $1,493,545 in the years prior. As of June 30, 2019 and 2018, the Network had capital campaign pledges outstanding of $2,623,836 and $2,775,889, respectively.

As part of the development of the BPMC, in July 2016, the Network entered into a land-for-land exchange agreement with the State of Colorado, whereas the Network exchanged the existing land and building of its operations on Bannock Street valued at $2,029,647 and received from the State of Colorado $1,500,000 in cash, as well as land on Arapahoe Street for construction of the BPMC valued at $8,400,000, resulting in a total gain of $7,870,353 in fiscal year 2017, of which $1,250,000 was originally deferred on the sale and leaseback, as discussed below.

The Network also entered into an office lease agreement commencing in August 2016 (the "Commencement Date") with the State of Colorado to occupy its existing building on Bannock Street until the construction of the BPMC 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 clause, whereas the Network may terminate the lease at no cost after the 36th month of the lease. Future lease payments for the office lease have been included in Note 15. The amount of gain equal to future minimum lease payments is deferred and will be recognized in proportion to the amount of rent charged to expense over the term of the lease. For the years ended June 30, 2019 and 2018, the Network expensed $250,000 of lease payments. In addition, for the years ended June 30, 2019 and 2018, the Network recognized a gain on the sale and leaseback transaction of $250,000 and $256,378, respectively. At June 30, 2019 and 2018, $515,625 and $765,625, respectively, of deferred gain on the sale and leaseback transaction is included on the consolidated statement of financial position. The Network has also designated $1,343,786 of cash proceeds from the land-for-land exchange agreement and $5,325,000 of net cash proceeds from the fiscal year 2019 land sale of a portion of the land to the capital campaign.

Note 5 - Buell Public Media Center Capital Campaign (Continued)

On October 30, 2018, the Network, to facilitate the development of the BPMC, entered into a financing structure using New Markets Tax Credit (NMTC) financing and the sale of tax-exempt bonds. The NMTC program was established as part of the Community Renewal Tax Relief Act of 2000 and provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities. The NMTC financing is expected to provide the Network a net benefit of $1,743,186 for the construction of the BPMC. The sale of tax-exempt bonds resulted in $12,100,000 in available proceeds, as described in Note 11.

In order to facilitate the NMTC financing structure, the Network subdivided the Arapahoe Street property pursuant to a Planned Community Declaration for the Buell Public Media Center, and separate ownership units were created (each a "Unit").

The Network donated one of the Units to Emily Griffith Technical College (a Colorado nonprofit corporation), which contributed the Unit, plus cash, to a newly created entity, CMC QALICB, LLC (CMC QALICB) (a Colorado limited liability company), to establish a membership interest. Furthermore, the Network contributed cash to establish a minority membership interest in CMC QALICB, entered into an operating agreement for CMC QALICB, and accepted its role as managing member of CMC QALICB. The Network's investment in CMC QALICB, in the form of cash, is accounted for as an investment in subsidiary on the consolidated statement of financial position. CMC QALICB constructed and developed the Unit for lease to the City and County of Denver, Colorado.

The Network donated the remaining Units and predevelopment costs to another newly created entity, Rocky Mountain Public Media QALICB, Inc. (a Colorado nonprofit corporation) (RMPM QALICB), a wholly owned subsidiary of the Network, as described in the Principles of Consolidation section of Note 2. The Network's investment in RMPM QALICB was in the form of approximately $2,483,000 of property and equipment and $5,287,000 of cash, sources from the capital campaign, and other sources and was eliminated during consolidation. RMPM QALICB constructed and developed the Units for lease to RMPM, Inc.

The Network loaned the principal amount of $6,690,000 to Rocky Mountain Investment Fund, LLC (a Delaware limited liability company). Rocky Mountain Investment Fund used these proceeds, together with other funds invested by Wells Fargo Community Investment Holdings, LLC, the tax credit investor, to fund a qualified equity investment in Rose Urban Green Sub-CDE, XVI, LLC (a Delaware limited liability company) (the "Sub-CDE"). This note receivable is described in Note 9.

Both these QALICB entities have entered into notes payable to be provided funds to build out their portions of the BPMC through qualified low-income community investment (QLICI) from the Sub-CDE. RMPM QALICB's notes payable to the Sub-CDE are described in Note 11. CMC QALICB's notes payable total $1,960,000.

The Network broke ground on the BPMC on November 29, 2018. The total construction and design final guaranteed maximum price for BPMC is $25,102,691. Through June 30, 2019 and 2018, construction costs incurred by the Network amounted to $13,471,952 and $3,226,742, respectively. Through June 30, 2019, construction costs incurred by CMC QALICB amounted to $799,453.

On January 2, 2019, the Network closed on the sale of a portion of the Arapahoe Street land acquired through the land-for-land exchange with the State of Colorado, referred to as Arapahoe Square. Proceeds from the sale amounted to $5,500,000, but selling costs were incurred, resulting in net proceeds of approximately $5,325,000. The sale resulted in recognizing a gain of $1,620,525 after netting proceeds against the basis of the proportion of land sold and other factors.

Subsequent to year end, during October 2019, the Network sold the Gill Center for Public Media building for $1,800,000, providing net proceeds of approximately $1,690,000 after selling costs. These proceeds were designated to the capital campaign.

Note 5 - Buell Public Media Center Capital Campaign (Continued)

Total progress against the capital campaign as of December 2019 is as follows:

Land-for-land exchange net proceeds	$ 1,343,786
Sale of Arapahoe Street land net proceeds	5,329,002
Grants, CDBG loans, and Denver Skyline	3,400,000
NMTC net benefit	1,743,186
Sale of Gill Building net proceeds	1,689,709
Contributions - Gross (received, pledged, and verbal)	18,837,301
Total campaign progress	$ 32,342,984

Campaign progress as of December 2019 amounts to 95 percent of the capital campaign budget of $34,000,000.

Note 6 - Capital Campaign Pledges Receivable

Included in receivables are several unconditional promises to give generated from a capital campaign. They are included at June 30 as follows:

	2019	2018
Gross promises to give before unamortized discount	$ 2,841,792	$ 2,950,514
Less allowance for uncollectible contributions	(9,105)	(9,105)
Less allowance for net present value discount	(208,851)	(165,520)
Net contributions receivable	$ 2,623,836	$ 2,775,889
Amounts due in:		
Less than one year	$ 909,366	$ 913,805
One to five years	1,932,426	2,036,709
Gross promises to give	$ 2,841,792	$ 2,950,514

Note 7 - Investments

The details of the Network's investments in trading securities at June 30 are as follows:

	2019	2018
Investments at Fair Value		
Money markets	$ 5,769,180	$ 8,253,383
Fixed-income mutual funds	2,631,051	2,583,230
Equity mutual funds	7,243,514	6,819,510
Total investments	$ 15,643,745	$ 17,656,123

At June 30, 2019 and 2018, the money markets investment balance included $5,483,727 and $7,919,733, respectively, of investments restricted and designated in conjunction with the capital campaign.

Investment income consists of the following:

	2019	2018
Dividends and interest - Net of fees	$ 433,782	$ 325,999
Net realized (losses) gains	(143,113)	301,478
Net unrealized gains	310,905	40,894
Total investment return	$ 601,574	$ 668,371

Note 8 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Network's assets measured at fair value on a recurring basis at June 30, 2019 and 2018 and the valuation techniques used by the Network to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Network has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Network's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Investments:				
Money markets	$ 5,769,180	$ -	$ -	$ 5,769,180
Fixed-income mutual funds	2,631,051	-	-	2,631,051
Equity mutual funds	7,243,514	-	-	7,243,514
Beneficial interest in trusts	-	-	144,886	144,886
Total assets	$ 15,643,745	$ -	$ 144,886	$ 15,788,631

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Investments:				
Money markets	$ 8,253,383	$ -	$ -	$ 8,253,383
Fixed-income mutual funds	2,583,230	-	-	2,583,230
Equity mutual funds	6,819,510	-	-	6,819,510
Total assets	$ 17,656,123	$ -	$ -	$ 17,656,123

Note 8 - Fair Value Measurements (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.

Beneficial interest in trusts: The fair value of investments held in beneficial interests in trusts include Levels 1 and 2; however, the Network's pro rata share of the interest in the trusts is determined by actuarial assumptions that are not quoted on active markets and, therefore, are classified under Level 3 in the fair value hierarchy.

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

Changes in Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2019 are as follows:

	Beneficial Interest in Trusts
Balance at July 1, 2018	$ -
Contribution of interest	144,886
Balance at June 30, 2019	$ 144,886

Note 9 - Note Receivable

A note receivable from Rocky Mountain Investment Fund, LLC (the "Investment Fund") was made as part of the NMTC financing described in Note 5, effective on October 30, 2018, and is due in installments of principal and interest at 1.4647 percent, equal to the amount and with consistent frequency of distributions the Investment Fund receives from the Sub-CDE, to which this note's proceeds were subsequently invested.

The note is collateralized by the Investment Fund's interest in the Sub-CDE and the rights to the distributions from the Sub-CDE, as prescribed by the Sub-CDE's operating agreement, as amended and restated. The note matures on October 30, 2044 but includes the option that, after the end of the NMTC compliance period (seven years from the effective date of October 30, 2018), the Fund has the option, but shall not be obligated, to provide for the payment of this note, in whole, by the transfer to the Network of the promissory notes evidencing the CMC QALICB QLICI loan and the RMPM QALICB QLICI loan described in Notes 5 and 11.

Because of the variable nature of the timing of repayment on this note receivable, as it is based on the distributions to the Investment Fund from the Sub-CDE, no amount of the note is considered current, and no maturity schedule has been disclosed.

Note 10 - Property and Equipment

Property and equipment are summarized as follows:

	2019	2018
Land	$ 5,128,180	$ 8,692,300
Buildings and improvements	2,137,009	2,137,009
Furniture, fixtures, and equipment	13,805,425	13,700,013
Transmitter facilities and equipment	13,942,874	12,638,751
Construction in progress	13,495,358	3,879,939
Total cost	48,508,846	41,048,012
Accumulated depreciation:		
Buildings and improvements	668,286	597,053
Furniture, fixtures, and equipment	11,745,603	11,510,108
Transmitter facilities and equipment	13,985,232	13,786,362
Total accumulated depreciation	26,399,121	25,893,523
Net property and equipment	$ 22,109,725	$ 15,154,489

Equipment under capital lease and included in transmitter facilities and equipment amounted to $16,879 and $48,016 for June 30, 2019 and 2018, with accumulated amortization of $16,879 and $37,216 as of June 30, 2019 and 2018, respectively.

Subsequent to year end, during October 2019, the Network sold the Gill Center for Public Media building for $1,800,000, providing net proceeds of approximately $1,690,000 after selling costs. During October 2019, the Network also sold its transmission tower property on Lookout Mountain in Golden, Colorado for $228,000, which was co-owned along with Public Broadcasting of Colorado, Inc., providing net proceeds of approximately $107,000 to the Network.

Note 11 - Notes Payable

Notes payable at June 30, 2019 and 2018 are as follows:

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 percent and secured by a first deed of trust on an office condominium. Amounts payable to Five Points Media Center at June 30, 2019 and 2018 were $48,227 and $56,848, respectively.

In October 2016, the Network entered into a note payable to the City and County of Denver, Colorado. The note allows for a total principal amount of up to $1,500,000 to be borrowed, which includes $1,000,000 as a performance-based loan at 0 percent interest and $500,000 as a repayable loan at 2 percent interest. The note is secured by a first deed of trust on property. At June 30, 2019, the Network had borrowed a principal amount of $1,470,000. If the Network remains in compliance with the notes, as defined in the agreement, the performance-based loan will be deemed to be fully paid and satisfied 85 months after the execution of the note payable. Amounts payable to the City and County of Denver, Colorado at June 30, 2019 and 2018 were $1,470,000 and $1,260,141, respectively.

Note 11 - Notes Payable (Continued)

On October 30, 2018, in concert with the NMTC financing for the Buell Public Media Center described in Note 5, the Network entered into a financing agreement with PB&T Bank (PB&T), where PB&T agreed to purchase tax-exempt bonds issued by the Colorado Educational and Cultural Facilities Authority (the "Authority"), the proceeds of which were used to make a loan to the Network in the original principal amount of $12,100,000, maturing on October 30, 2025. The loan was assigned from the Authority to PB&T upon being made, along with the security interests described below. The loan is secured by a set of deeds in trusts: one between RMPM, Inc. and PB&T regarding land units A, B, C, and D, and parking units II, III, and IV of the BPMC, according to the Planned Community Declaration recorded, and one between RMPM QALICB and the Authority regarding building units 2, 3, and 4; parking unit I; and terrace unit of BPMC, according to the Planned Community Declaration recorded, the "senior deed in trust." The loan accrues interest at the tax-exempt rate of 4.08 percent, with interest and principal payments due quarterly, but with principal payments deferred until 18 months following the first draw. The loan amortizes over a 25-year amortization schedule, but a balloon payment is required upon maturity on October 30, 2025. No amounts on this loan have been borrowed as of June 30, 2019. Subsequent to year end, this loan was drawn in the amount of $1,752,955 to fund continuing construction on the BPMC.

Additionally, on October 30, 2018, as part of the NMTC financing for the Buell Public Media Center described in Note 5, the Network entered into a pair of promissory notes for $5,392,000 and $2,488,000 of qualified low-income community investment proceeds from the Sub-CDE. The notes are secured by a "second" deed in trust to RMPM QALICB's property in the BPMC, including building units 2, 3, and 4; parking unit I; and terrace unit, according to the Planned Community Declaration recorded. This "second deed in trust" is subordinated to the senior deed in trust outlined above according to an intercreditor agreement by PB&T and the Sub-CDE. The notes mature on October 30, 2048 and bear interest at 1 percent annually. Quarterly interest-only payments, in the schedule described in the promissory notes, are required until October 30, 2025, at which point, one of the notes requires a one-time principal payment of $40,000, and then beginning on March 1, 2026, both notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes.

These notes payable mature as follows:

Fiscal Years Ending June 30	Amount of Principal Due
2020	$ 9,866
2021	10,370
2022	10,901
2023	11,459
2024	1,475,631
Thereafter	7,840,000
Unamortized loan costs	(880,002)
Total	$ 8,478,225

Note 12 - Net Assets

Net assets without donor restrictions consist of the following as of June 30:

	2019	2018
Board-designated net assets - Capital campaign	$ 4,068,936	$ 3,102,460
Undesignated net assets	31,584,802	27,964,474
Total unrestricted net assets	$ 35,653,738	$ 31,066,934

Note 12 - Net Assets (Continued)

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2019	2018
Subject to expenditures for a specified purpose:		
Education initiative	$ -	$ 10,000
Capital campaign	10,859,228	9,511,039
Subject to the Network's spending policy and appropriation - Endowment earnings	52,564	20,012
Not subject to appropriation or expenditure:		
Medearis	60,000	60,000
General endowment	201,717	201,717
Total not subject to appropriation or expenditure	261,717	261,717
Total	$ 11,173,509	$ 9,802,768

Note 13 - 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 percent up to 3 percent of the employees' deferrals. In addition, each participating employee has the option to contribute additional amounts on a pretax basis up to the maximum allowable by the IRS. Contributions to the Plan vest immediately. The Network contributed $125,787 and $120,784 for the years ended June 30, 2019 and 2018, respectively.

Note 14 - Line of Credit

During the year ended June 30, 2019, the Network has a $1,200,000 line of credit with a bank, which bears interest at 6 percent and matures on April 14, 2020. Prior to modification on June 25, 2019, the line of credit amounted to $950,000 and bore interest at 5.25 percent and was scheduled to mature on April 14, 2019. The outstanding balance at June 30, 2019 and 2018 was $0. The line of credit is collateralized by deposit accounts of the Network.

Note 15 - Operating Leases

The Network leases facilities, equipment, and tower space under noncancelable operating leases through September 2028. Rent expense for the years ended June 30, 2019 and 2018 was $762,043 and $759,527, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2020	$ 712,429
2021	717,515
2022	497,929
2023	98,032
2024	54,558
Thereafter	97,414
Total	$ 2,177,877

Note 16 - Rental Fee Income

The Network leases transmission towers and commercial space to tenants under noncancelable operating leases with terms of one to five years. Rental fee income for the years ended June 30, 2019 and 2018 was approximately $246,000 and $289,000, respectively.

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

Years Ending June 30	Amount
2020	$ 34,000
2021	27,000
2022	28,000
2023	29,000
2024	29,000
Thereafter	2,000
Total	$ 149,000

Supplemental Information

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Independent Auditor's Report on Supplemental Information

To the Board of Directors
Rocky Mountain Public Media, Inc.

We have audited the consolidated financial statements of Rocky Mountain Public Media, Inc. and its subsidiaries as of and for the years ended June 30, 2019 and 2018 and have issued our report thereon dated December 19, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 2019 consolidated financial statements as a whole. The supplemental consolidating statement of financial position, consolidating statement of activities, and the subsidiary statements of functional expenses are presented for the purpose of additional analysis rather than to present the financial position, activities, and functional expenses of the individual companies and is 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 2019 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 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 2019 consolidated financial statements as a whole.

Plante & Moran, PLLC

December 19, 2019

Consolidating Statement of Financial Position

June 30, 2019

	Rocky Mountain PBS	KUVO, LLC	Rocky Mountain Ventures	Rocky Mountain Public Media QALICB, Inc.	Eliminating Entries	Total
Assets						
Cash and cash equivalents	$ 1,975,323	$ 546,669	$ 247	$ 5,875,488	$ -	$ 8,397,727
Restricted cash - Capital campaign	1,620,927	-	-	-	-	1,620,927
Receivables - Net of allowances:						
Program underwriting and fees	665,062	204,460	-	-	-	869,522
Contributions, grants, and other	1,696,672	195,540	-	-	-	1,892,212
Capital campaign pledges receivable	2,623,836	-	-	-	-	2,623,836
Total receivables - Net of allowances	4,985,570	400,000	-	-	-	5,385,570
Intercompany receivables	2,015,390	-	-	-	(2,015,390)	-
Program inventory	108,536	-	-	-	-	108,536
Investments	10,160,018	-	-	-	-	10,160,018
Investments - Capital campaign	5,483,727	-	-	-	-	5,483,727
Operating license	-	53,017	-	-	-	53,017
Prepaid expenses and other assets	162,951	120,866	5,000	-	-	288,817
Loans and notes receivable	6,690,000	-	-	-	-	6,690,000
Investments in subsidiaries	7,701,825	-	-	-	(7,678,322)	23,503
Beneficial interest in trusts	144,886	-	-	-	-	144,886
Property and equipment - Net	8,860,405	782,337	-	12,466,983	-	22,109,725
Total assets	**$ 49,909,558**	**$ 1,902,889**	**$ 5,247**	**$ 18,342,471**	**$ (9,693,712)**	**$ 60,466,453**

Consolidating Statement of Financial Position (Continued)

June 30, 2019

	Rocky Mountain PBS	KUVO, LLC	Rocky Mountain Ventures	Rocky Mountain Public Media QALICB, Inc.	Eliminating Entries	Total
Liabilities and Net Assets (Deficiency in Net Assets)						
Liabilities						
Accounts payable	$ 481,193	$ 12,488	$ -	$ 3,704,151	$ -	$ 4,197,832
Accrued expenses	287,486	60,738	-	-	-	348,224
Deferred revenue	35,975	63,325	-	-	-	99,300
Intercompany payables	-	1,362,709	652,681	-	(2,015,390)	-
Deferred gain on sale and leaseback	515,625	-	-	-	-	515,625
Notes payable	1,470,000	48,227	-	6,959,998	-	8,478,225
Total liabilities	2,790,279	1,547,487	652,681	10,664,149	(2,015,390)	13,639,206
Net Assets (Deficiency in Net Assets)						
Without donor restrictions	35,945,770	355,402	(647,434)	7,678,322	(7,678,322)	35,653,738
With donor restrictions	11,173,509	-	-	-	-	11,173,509
Total net assets (deficiency in net assets)	47,119,279	355,402	(647,434)	7,678,322	(7,678,322)	46,827,247
Total liabilities and net assets (deficiency in net assets)	**$ 49,909,558**	**$ 1,902,889**	**$ 5,247**	**$ 18,342,471**	**$ (9,693,712)**	**$ 60,466,453**

Consolidating Statement of Activities

Year Ended June 30, 2019

	Rocky Mountain PBS	KUVO, LLC	Rocky Mountain Public Media QALICB, Inc.	Eliminating Entries	Total
Changes Net Assets					
Revenue, gains, and other support:					
Membership	$ 8,551,401	$ 862,507	$ -	$ -	$ 9,413,908
Capital campaign	1,609,807	-	-	-	1,609,807
Underwriting	1,063,707	256,249	-	-	1,319,956
Bequests	400,171	-	-	-	400,171
Other gifts	230,659	116,904	-	-	347,563
Community service grants	1,721,254	119,958	-	-	1,841,212
Other grants	4,852,752	176,489	-	-	5,029,241
In-kind donations	53,562	139,399	-	-	192,961
Program service revenue	17,419	-	-	-	17,419
Service fees and rental	261,021	4,728	-	-	265,749
Other	19,016	99,595	-	-	118,611
Total revenue, gains, and other support	18,780,769	1,775,829	-	-	20,556,598
Expenses:					
Program services:					
Programming and production	4,556,056	660,065	-	-	5,216,121
Broadcasting	3,068,692	237,791	-	-	3,306,483
Public information	798,349	30,242	-	-	828,591
Total program services	8,423,097	928,098	-	-	9,351,195
Support services:					
Management and general	1,939,264	412,475	91,762	-	2,443,501
Fundraising and development	3,645,309	366,767	-	-	4,012,076
Underwriting	657,216	59,724	-	-	716,940
Building and capital campaign	7,215	-	-	-	7,215
Total support services	6,249,004	838,966	91,762	-	7,179,732
Total expenses	14,672,101	1,767,064	91,762	-	16,530,927
Increase in Net Assets - Before nonoperating (expense) income	4,108,668	8,765	(91,762)	-	4,025,671
Nonoperating (Expense) Income					
Depreciation	(435,623)	(104,659)	-	-	(540,282)
Investment income - Net of direct advisor fees of $42,500 for 2019 and 2018	601,574	-	-	-	601,574
Gain on sale of property and equipment	1,870,582	-	-	-	1,870,582
Loss on investment in subsidiary	(91,762)	-	-	91,762	-
Total nonoperating income (expense)	1,944,771	(104,659)	-	91,762	1,931,874
Increase (Decrease) in Net Assets	**$ 6,053,439**	**$ (95,894)**	**$ (91,762)**	**$ 91,762**	**$ 5,957,545**

Subsidiary Statement of Functional Expenses
Rocky Mountain PBS

Year Ended June 30, 2019

	Program Services			Support Services				
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Building and Capital Campaign	Total
Rocky Mountain PBS								
Personnel and payroll taxes	$ 1,532,985	$ 944,725	$ 544,648	$ 817,334	$ 901,643	$ 413,572	$ -	$ 5,154,907
Program acquisitions	2,090,824	-	-	-	-	-	-	2,090,824
Professional services	547,923	1,015,359	93,293	369,915	1,037,147	28,963	7,215	3,099,815
Mailing and shipping	2,483	3,423	394	14,079	871,820	289	-	892,488
Printing and duplication	475	47,538	4,481	2,508	531	71	-	55,604
Building, distribution, and software	7,420	652,346	25	251,354	794	600	-	912,539
Building rent	175,195	32,096	1,013	24,122	19,787	7,662	-	259,875
Subscriptions, dues, and licenses	47,463	141,289	468	83,423	13,084	198	-	285,925
Premiums, advertising, and promotions	38,376	42,824	102,070	15,448	506,907	38,968	-	744,593
Supplies and videotapes	24,927	46,838	2,226	16,093	6,894	199	-	97,177
Travel, parking, and mileage	57,106	33,428	12,557	25,391	19,075	5,578	-	153,135
Insurance	1,382	-	-	201,485	-	-	-	202,867
Interest and bank fees	-	31	-	32,792	232,763	-	-	265,586
Trainings and meetings	22,556	36,606	37,175	81,392	34,770	27,111	-	239,610
Repairs and maintenance	5,800	69,854	-	3,928	-	-	-	79,582
Bad debt	1,143	2,334	-	-	93	134,004	-	137,574
Total functional expenses before depreciation	4,556,058	3,068,691	798,350	1,939,264	3,645,308	657,215	7,215	14,672,101
Depreciation	35,295	365,593	-	-	33,459	1,276	-	435,623
Total functional expenses	**$ 4,591,353**	**$ 3,434,284**	**$ 798,350**	**$ 1,939,264**	**$ 3,678,767**	**$ 658,491**	**$ 7,215**	**$ 15,107,724**

Subsidiary Statement of Functional Expenses
KUVO, LLC

Year Ended June 30, 2019

	Program Services			Support Services			
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Total
KUVO, LLC							
Personnel and payroll taxes	$ 492,692	$ 80,036	$ 25,758	$ 236,800	$ 72,074	$ 42,796	$ 950,156
Program acquisitions	91,660	15,667	-	-	-	-	107,327
Professional services	17,981	46,893	-	32,665	32,968	1,461	131,968
Mailing and shipping	-	640	-	639	54,254	-	55,533
Printing and duplication	777	-	1,106	10,415	856	-	13,154
Building, distribution, and software	1,907	74,408	125	28,319	850	-	105,609
Building rent	-	-	-	61,369	-	-	61,369
Subscriptions, dues, and licenses	-	-	40	18,004	3,175	-	21,219
Premiums, advertising, and promotions	52,313	24	1,043	2,081	34,606	1,999	92,066
Supplies and videotapes	691	5,172	76	2,437	3,332	-	11,708
Travel, parking, and mileage	499	705	2,023	10,413	417	445	14,502
Interest and bank fees	-	270	-	2,741	29,222	-	32,233
Trainings and meetings	649	252	71	6,592	124,838	126	132,528
Repairs and maintenance	896	13,996	-	-	-	-	14,892
Bad debt	-	(272)	-	-	10,175	12,897	22,800
Total functional expenses before depreciation	660,065	237,791	30,242	412,475	366,767	59,724	1,767,064
Depreciation	60,898	4,363	-	39,398	-	-	104,659
Total functional expenses	**$ 720,963**	**$ 242,154**	**$ 30,242**	**$ 451,873**	**$ 366,767**	**$ 59,724**	**$ 1,871,723**