

**Boulder Community Broadcast Association,
Incorporated and Boulder Community Broadcast
Association, LLC**

Consolidated Financial Statements and Independent Auditor's Report
September 30, 2023 and 2022

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INCORPORATED AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC
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To the Board of Directors of
Boulder Community Broadcast Association, Incorporated and
Boulder Community Broadcast Association, LLC
Boulder, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boulder Community Broadcast Association, Incorporated and Boulder Community Broadcast Association, LLC (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position Boulder Community Broadcast Association, Incorporated and Boulder Community Broadcast Association, LLC 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 Consolidated Financial Statements section of our report. We are required to be independent of Boulder Community Broadcast Association, Incorporated and Boulder Community Broadcast Association, LLC 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Boulder Community Broadcast Association, Incorporated and Boulder Community Broadcast Association, LLC'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boulder Community Broadcast Association, Incorporated and Boulder Community Broadcast Association, LLC's ability to continue as a going concern for a reasonable period of time.

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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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 21-22 are presented for purposes of additional analysis 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



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Denver, Colorado
March 28, 2024

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**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents-unrestricted	\$ 679,670	\$ 770,314
Accounts receivable	10,487	452
Prepaid expenses	23,914	23,170
Total Current Assets	<u>714,071</u>	<u>793,936</u>
Non-Current Assets:		
Security deposit	1,136	1,136
Operating lease right of use asset, net	219,406	-
Property and Equipment, net	4,282,599	956,192
Total Non-Current Assets	<u>4,503,141</u>	<u>957,328</u>
TOTAL ASSETS	<u><u>\$ 5,217,212</u></u>	<u><u>\$ 1,751,264</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 15,676	\$ 15,073
Operating lease liability, current	72,736	-
Loan payable, current portion	49,123	38,092
Total Current Liabilities	<u>137,535</u>	<u>53,165</u>
Non-Current Liabilities:		
Operating lease liability, non-current	150,901	-
Security deposit on lease	7,227	-
Loan payable, net of current portion	459,453	518,683
Note payable	2,800,000	-
Total Non-Current Liabilities	<u>3,417,581</u>	<u>518,683</u>
Total Liabilities	<u><u>3,555,116</u></u>	<u><u>571,848</u></u>
Net Assets:		
Without donor restrictions	1,098,918	603,468
With donor restrictions	563,178	575,948
Total Net Assets	<u><u>1,662,096</u></u>	<u><u>1,179,416</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,217,212</u></u>	<u><u>\$ 1,751,264</u></u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these consolidated financial statements.

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES
As of September 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Public Support and Revenue:			
Capital Campaign	\$ -	\$ 582,575	\$ 582,575
Membership revenue	520,928	-	520,928
Grant revenue	202,378	8,677	211,055
In-kind contributions	128,423	-	128,423
Corporation for public broadcasting grants	120,799	-	120,799
Underwriting revenue	79,294	-	79,294
Rental income	66,624	-	66,624
Bequests	31,100	-	31,100
Special events, net of expenses of \$15,491	27,598	-	27,598
Miscellaneous revenue	27,485	-	27,485
Vehicle Donations	26,041	-	26,041
Interest income	5,170	-	5,170
Net Assets Released from Restriction	604,022	(604,022)	-
Total public support and revenues	1,839,862	(12,770)	1,827,092
Expenses:			
Program services:			
Programming and production	605,792	-	605,792
Broadcast	214,099	-	214,099
Program Information	21,980	-	21,980
Supporting services:			
Management and general	223,571	-	223,571
Fundraising	140,643	-	140,643
Underwriting and Grants	63,632	-	63,632
Capital Asset Improvement	74,695	-	74,695
Total Expenses	1,344,412	-	1,344,412
Change in net assets from operating activities	495,450	(12,770)	482,680
Change in net assets:	495,450	(12,770)	482,680
Net assets at beginning of year	603,468	575,948	1,179,416
Net assets at end of year	\$ 1,098,918	\$ 563,178	\$ 1,662,096

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**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES
As of September 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Public Support and Revenue:			
Membership revenue	\$ 614,894	\$ -	\$ 614,894
In-kind contributions	276,547	-	276,547
Grant revenue	213,334	6,751	220,085
Corporation for public broadcasting grants	114,972	-	114,972
Underwriting revenue	70,043	-	70,043
Vehicle Donations	36,802	-	36,802
Capital Campaign	-	16,179	16,179
Special events, net of expenses of \$5,875	13,653	-	13,653
Miscellaneous revenue	4,588	-	4,588
Interest income	1,766	-	1,766
Rental income	1,050	-	1,050
Net Assets Released from Restriction	35,580	(35,580)	-
Total public support and revenues	1,383,229	(12,650)	1,370,579
Expenses:			
Program services:			
Programming and production	596,481	-	596,481
Broadcast	349,632	-	349,632
Program Information	28,807	-	28,807
Supporting services:			
Management and general	208,658	-	208,658
Fundraising	156,014	-	156,014
Underwriting and Grants	68,399	-	68,399
Total Expenses	1,407,991	-	1,407,991
Change in net assets from operating activities	(24,762)	(12,650)	(37,412)
Non-Operating Activities:			
Loan Forgiveness	-	327,500	327,500
Change in net assets from non-operating activities	-	327,500	327,500
Change in net assets:	(24,762)	314,850	290,088
Net assets at beginning of year	628,230	261,098	889,328
Net assets at end of year	\$ 603,468	\$ 575,948	\$ 1,179,416

See Independent Auditor's Report and accompanying notes, which are an integral part of these consolidated financial statements.

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2023**

	Program Services				Supporting Services				Total Expenses
	Programming & Production	Broadcast	Program Information	Total Program	Management and General	Fundraising	Underwriting & Grants	Capital Asset Improvement	
Salaries and wages	\$ 350,194	\$ -	\$ 12,604	\$ 362,798	\$ 37,345	\$ 77,537	\$ 50,400	\$ -	528,080
In-kind expense	11,769	34,917	5,606	52,292	69,437	6,610	84	-	128,423
Occupancy	-	87,137	-	87,137	-	-	-	-	87,137
Interest expense	-	28,663	-	28,663	-	-	-	56,350	85,013
Grant expense	81,840	-	-	81,840	-	-	-	-	81,840
Employee benefits	50,418	-	1,815	52,233	5,377	11,163	7,256	-	76,029
Depreciation	2,698	18,194	-	20,892	21,158	-	-	18,345	60,395
Payroll taxes	28,460	-	1,024	29,484	3,035	6,301	4,096	-	42,916
Program acquisition	38,043	-	-	38,043	-	-	-	-	38,043
Professional fees	1,055	2,955	-	4,010	26,340	-	-	-	30,350
Utilities	4,795	15,585	-	20,380	3,832	1,199	719	-	26,130
Insurance	7,704	2,239	57	10,000	12,928	350	227	-	23,505
Repairs and maintenance	-	1,365	-	1,365	19,975	-	-	-	21,340
Dues and subscriptions	12,731	120	120	12,971	1,205	5,709	-	-	19,885
Telephone	3,748	12,182	-	15,930	1,312	937	562	-	18,741
Office supplies	-	-	-	-	9,266	6,125	-	-	15,391
Contract expenses	1,104	4,497	-	5,601	1,927	7,431	-	-	14,959
Bank service charges	-	-	-	-	1,544	10,995	-	-	12,539
Information technology	1,922	6,245	-	8,167	673	480	288	-	9,608
Other expenses	-	-	-	-	5,638	-	-	-	5,638
Postage	-	-	-	-	450	5,052	-	-	5,502
Production supplies	4,070	-	-	4,070	-	-	-	-	4,070
Professional developer	3,253	-	-	3,253	-	-	-	-	3,253
Outreach	1,508	-	754	2,262	-	754	-	-	3,016
Payroll fees	-	-	-	-	1,950	-	-	-	1,950
Commission expense	480	-	-	480	-	-	-	-	480
Other taxes	-	-	-	-	179	-	-	-	179
	<u>\$ 605,792</u>	<u>\$ 214,099</u>	<u>\$ 21,980</u>	<u>\$ 841,871</u>	<u>\$ 223,571</u>	<u>\$ 140,643</u>	<u>\$ 63,632</u>	<u>\$ 74,695</u>	<u>\$ 1,344,412</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these consolidated financial statements.

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2022**

	Program Services				Supporting Services			
	Programming & Production	Broadcast	Program Information	Total Program Services	Management and General	Fundraising	Underwriting & Grants	Total Expenses
Salaries and wages	\$ 334,194	\$ -	\$ 11,337	\$ 345,531	\$ 63,206	\$ 78,898	\$ 55,264	\$ 542,899
In-kind expense	32,160	169,537	13,710	215,407	42,694	18,395	52	276,548
Grant expense	82,702	-	-	82,702	-	-	-	82,702
Occupancy	-	76,519	-	76,519	-	-	-	76,519
Employee benefits	44,384	-	1,506	45,890	8,394	10,478	7,340	72,102
Interest expense	-	49,282	-	49,282	-	-	-	49,282
Payroll taxes	25,912	-	879	26,791	5,030	6,117	4,285	42,223
Depreciation	2,698	14,129	-	16,827	21,160	-	-	37,987
Program acquisition	35,054	-	-	35,054	-	-	-	35,054
Professional fees	406	1,370	-	1,776	28,320	-	-	30,096
Dues and subscriptions	12,963	120	135	13,218	996	10,377	-	24,591
Utilities	3,918	12,733	-	16,651	1,371	979	588	19,589
Insurance	6,869	2,239	33	9,141	7,497	228	160	17,026
Office supplies	-	1,654	-	1,654	7,982	5,664	-	15,300
Telephone	2,999	9,746	-	12,745	1,050	750	450	14,995
Repairs and maintenance	-	1,827	-	1,827	12,678	-	-	14,505
Contract expenses	1,100	4,845	-	5,945	2,076	4,968	-	12,989
Bank service charges	-	-	-	-	1,750	10,609	-	12,359
Information technology	1,733	5,631	-	7,364	607	433	260	8,664
Postage	-	-	-	-	386	6,911	-	7,297
Production supplies	5,442	-	-	5,442	-	-	-	5,442
Outreach	2,414	-	1,207	3,621	-	1,207	-	4,828
Other expenses	-	-	-	-	3,461	-	-	3,461
Professional development	894	-	-	894	-	-	-	894
Commission expense	639	-	-	639	-	-	-	639
	<u>\$ 596,481</u>	<u>\$ 349,632</u>	<u>\$ 28,807</u>	<u>\$ 974,920</u>	<u>\$ 208,658</u>	<u>\$ 156,014</u>	<u>\$ 68,399</u>	<u>\$ 1,407,991</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these consolidated financial statements.

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC**
COSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 482,680	\$ 290,088
Adjustments to reconcile changes in net assets to net cash provided by/(used in) operating activities:		
Gain on loan forgiveness	-	(327,500)
Depreciation	60,395	37,987
Change in accounts receivable	(10,035)	(452)
Change in operating lease right of use asset	(219,406)	-
Change in prepaid expenses	(744)	492
Change in security deposit	7,227	-
Change in accounts payable	603	(17,603)
Change in capital campaign	-	(1,500)
Change in right of lease payable	223,637	-
Net cash provided by/(used in) operating activities	<u>544,357</u>	<u>(18,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(3,386,800)</u>	<u>(11,311)</u>
Net cash used in investing activities	<u>(3,386,800)</u>	<u>(11,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	2,800,000	-
Payments on loans	<u>(48,199)</u>	<u>(47,243)</u>
Net cash provided by/(used in) financing activities	<u>2,751,801</u>	<u>(47,243)</u>
Net decrease in cash and cash equivalents	(90,642)	(77,042)
Cash and cash equivalents at beginning of year	<u>770,312</u>	<u>847,356</u>
Cash and cash equivalents at end of year	<u><u>\$ 679,670</u></u>	<u><u>\$ 770,314</u></u>
Supplemental Disclosures on Cash Flows:		
Cash paid for interest	\$ 85,013	\$ 49,282

See Independent Auditor's Report and accompanying notes, which are an integral part of these consolidated financial statements.

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2023 and 2022 and for the years then ended**

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Boulder Community Broadcast Association, Incorporated (the “Organization”) is a Colorado nonprofit Corporation which operates a noncommercial public radio station (KGNU-FM) 88.5 FM in Boulder, Colorado, KGNU 1390 AM in Denver Colorado, and translators K254CH 98.7 FM in Fort Collins, K229AC 93.7 FM in Nederland, and K256CT 99.1 FM in Denver, Colorado. KGNU is an independent, noncommercial community radio station licensed in Boulder and Denver and dedicated to serving its listeners. Boulder Community Broadcast Association, LLC is a limited liability company in Boulder, Colorado formed on April 11, 2023. Boulder Community Broadcast Association, Incorporated (the “Organization”) is the sole member of the Company. The Company owns and holds land and a building in which the principal office and broadcast facilities and studios will be located.

The Organization seeks to stimulate, educate and entertain our audience, to reflect the diversity of the local and world community, and to provide a channel for individuals, groups, issues and music that have been overlooked, suppressed or under-represented by other media. The station seeks to expand the listening audience through the excellence of its programming without compromising the principles stated here.

Basis of Consolidation

The consolidated financial statements include the accounts of Boulder Community Broadcast Association, Inc. and Boulder Community Broadcast Association, LLC. All material intra-entity transactions have been eliminated.

Consolidated Financial Statement Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets Without Donor Restrictions

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. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time. All restricted net assets as of September 30, 2023 and 2022 are purpose restricted.

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2023 and 2022 and for the years then ended

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less, except those designated for long-term purposes, to be cash equivalents. The Organization holds cash and cash equivalents with FDIC insured banks. Management believes that credit risk related to cash balances and investments are minimal. As of September 30, 2023, the Organization had \$67,715 of uninsured deposits.

Accounts and Grants and Contributions Receivable

Accounts receivable, represent amounts due from grantors and donors, and are stated at amounts estimated by management to be the net realizable value. The Organization periodically evaluates the collectability of accounts receivable and establishes a reserve for uncollectible accounts based on an evaluation of the specific unpaid account balances. There were \$10,487 and \$452 of accounts receivable and no allowances against such as of September 30, 2023 and 2022, respectively.

Property and Equipment

Acquisitions of assets in excess of \$500 are capitalized at cost. Property and equipment are depreciated using the straight-line method over the assets estimated useful lives which range from 3 - 39 years. The Organization assesses its property and equipment for indications of impairment annually and adjusts the carrying balances if impairments are determined. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Grant and Contract Revenue

For all grants and contracts which are considered to be exchange transactions, revenue is recognized as allowable reimbursable expenses are incurred. Membership revenue is recorded as revenue in the period it is received.

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
BOULDER COMMUNITY BROADCAST ASSOCIATION, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2023 and 2022 and for the years then ended**

Contributions And Grants

The Organization engages in periodic fundraising campaigns manifested by offering special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Organization. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions, pledges, and grants without donor restrictions are recognized as revenue in the accompanying statements of activities upon receipt. Other revenues without donor restrictions are recognized as earned either upon receipt or accrual. However, uncollected pledges are not enforceable against contributors and the Organization is not able to obtain sufficient evidence of a promise through verifiable documentation, therefore they are not shown as assets on the accompanying statements of financial position. Contributions and collected pledges are components of net assets without donor restrictions inasmuch as their usage is not limited to specific activities of the Organization. This usage is consistent with appeals for contributions and pledges.

Contributed Services and Other In-Kind Contributions

Contributed services are recorded if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed services for the current year were for legal, accounting, broadcast engineering, outreach promotions, and professional software and computer services donated by various individuals. Donated services totaled \$128,423 and \$276,547 for the years ended September 30, 2023 and 2022, respectively and was recorded as in-kind contributions in the statement of activities.

Revenue Recognition

The Organization recognizes revenue in accordance with ASC 606 when it has satisfied its performance obligations under agreements with customers and collectability is probable.

Measure of Operation

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, contributions, leasing and other activities considered to be of a more unusual or nonrecurring nature.

Leases

On October 1, 2022, the Organization adopted ASC 842, *Leases*, as amended, which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and finance lease liabilities and corresponding right-of-use (ROU) assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from lease arrangements. The Organization adopted the new guidance using a modified retrospective method. Under this method, the Organization elected to apply the new accounting standard only to the most recent period presented, recognizing the cumulative effect of the accounting change, if any, as an adjustment to the beginning balance of net assets. Accordingly, prior periods have not been

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2023 and 2022 and for the years then ended**

restated to reflect the new accounting standard. The cumulative effect of applying the provisions of ASC 842 had no material impact on net assets.

The Organization elected transitional practical expedients for existing leases which eliminated the requirements to reassess existing lease classification, initial direct costs, and whether contracts contain leases. Also, the Organization elected to present the payments associated with short-term leases as an expense in statements of operations. Short-term leases are leases with a lease term of 12 months or less. The Organization has adopted ASC 842 and the impact is reflected in the consolidated statement of functional position.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program activities as well as supporting services (i.e. fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square footage, or estimates of time and effort incurred by personnel. All other expenses are allocated based on the specific identification method.

Income Tax

No provision has been made for income taxes, as the Organization is exempt from Federal income tax pursuant to Internal Revenue Code Section 501(c)(3). There was no unrelated business taxable income during the year. The Organization has not recognized any cumulative adjustment relating to the adoption of FASB ASC Income Tax Topic, nor are there any unrecognized tax benefits to be disclosed as of September 30, 2023. Uncertainty in income taxes for a not-for-profit organization would include the status of its exemption from taxes, status of filings in local jurisdictions, and unrelated business income, if any. The Organization's information return filing for the years 2021 to 2023 remains subject to examination by the Internal Revenue Service.

NOTE 2: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

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Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amount reported in the consolidated statement of financial position approximate their fair value.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2023 are summarized as follows:

Building	\$ 2,497,156
Land	2,231,000
Building improvements	142,091
Equipment	1,183,747
Accumulated Depreciation	(1,771,395)
	<u>\$ 4,282,599</u>

Property and equipment at September 30, 2022 are summarized as follows:

Building	\$ 1,044,048
Land	350,000
Building improvements	142,091
Equipment	1,131,054
Accumulated Depreciation	(1,711,001)
	<u>\$ 956,192</u>

Depreciation expense for the years ended September 30, 2023 and 2022 totaled \$60,395 and \$37,987 respectively. Loss on disposal of assets totaled \$0 and \$0 for the years ended September 30, 2023 and 2022, respectively.

NOTE 4: INTANGIBLE ASSETS

In 2004, the Organization entered into an asset purchase agreement to purchase the FCC authorizations, tangible assets, assumed contracts, and records of commercial radio station KJME (AM) 1390 KHZ, Denver, CO. The total purchase price was \$4,100,000. This asset has been fully amortized.

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NOTE 5: LOANS PAYABLE

Mortgage Payable

In 2018, the Organization entered into a \$262,000 loan payable agreement with an unrelated party, secured by the building. The maturity date of the loan is October 10, 2028 and the interest rate is 5.25%. Principal and interest payments are due monthly at \$1,572 per month. Interest expense on the loan totaled \$10,001 and \$10,957 for the year ended September 30, 2023 and 2022, respectively. The amount outstanding on the loan as of September 30, 2023 and 2022 was \$181,076 and \$199,275, respectively.

Loans from Individuals

In 2005, various private individuals lent the Organization funds totaling \$2,125,000 to purchase the 1390 AM Signal in Denver, Colorado. The loans had varying interest rates between 3% and 5.5% with no immediate payment terms. At the beginning of the year, there are two remaining loans, one with \$675,000 of outstanding principal requiring an annual principal payment of \$30,000 plus 5.5% annual interest and the second loan with an outstanding principal of \$40,000 that requires only interest payments of 3% annually on the remaining principal. The loans are secured by the 1390 AM Signal. Interest expense on the loans totaled \$18,663 and \$38,325 for the years ended September 30, 2023 and 2022, of which \$17,463 and \$37,125 was forgiven by the lender and was recorded as revenue in membership revenue as amount represents a donation to the Organization, for the years then ended, respectively. In December 2021, one of the private institutional lenders for the purchase of the 1390 AM signal, dissolved its entity assigning the remaining \$675,000 balance on its Promissory Note to the four individuals forming the lending entity based on proportional interest in the entity.

Upon assignment of the promissory note, one lender forgave their portion of the loan balance in entirety, in the amount of \$168,750 and the accrued interest for 2021 as a charitable gift to the Organization and in February 2022, another lender forgave \$158,750 and accrued interest for 2022.

During 2022, the Organization's board designated \$327,500 of the funds forgiven to the Capital Campaign. The remaining loans require \$10,000 and \$20,000 payments annually.

Future minimum payments under the loans payable as of September 30, 2023 are as follows:

2024	\$	49,123
2025		50,177
2026		51,262
2027		52,406
2028		53,598
Therafter		252,011
Total	\$	<u>508,576</u>

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Note Payable

In 2023, the Organization entered into a \$2,800,000 note payable agreement with an unrelated party, secured by the 1720 14th Street Boulder, Colorado property. The maturity date of the loan is May 1, 2026, with a balloon payment of \$2,800,000. The interest rate is 5.25%. Interest payments are due monthly at \$12,250 per month. Interest expense on the loan totaled \$56,350 for the year ended September 30, 2023. The amount outstanding on the loan as of September 30, 2023 was \$2,800,000.

NOTE 6: LEASE AGREEMENT

Operating Leases

On June 29, 2003, the Organization entered into a lease with the City of Lafayette for a telecommunication tower in Lafayette, Colorado, on June 29, 2008, the lease was extended for three additional five-year terms and is scheduled to expire in June 2023, the lease was amended on January 5, 2010 and amended again on May 17, 2011, which stated monthly payments of \$1,459, and 3% annual increases thereafter. Monthly lease obligations under the lease range from \$1,962-\$2,144. Rent expense for the year ended September 30, 2023 and 2022, totaled \$23,927 and \$23,216, respectively.

In October 2005, the Organization entered into a lease with an unrelated party for a ground lease in Englewood, Colorado, on March 7, 2011, the lease was amended, which stated monthly payments of \$2,704 with no lease term. In January 2022 the Organization entered a new ground lease for 5 year renewable terms, associated with its AM broadcast tower, with a 2% increase every third year. Monthly lease obligations under the lease started January 1, 2022 at \$2,704. Rent expense for the years ended September 30, 2023 and 2022, totaled \$37,493 and \$32,440, respectively.

On September 15, 2020, the Organization entered into a lease with an unrelated party for workspace and common areas in Denver, Colorado. The lease term commenced on October 1, 2020 and is scheduled to expire on September 30, 2024. Monthly lease obligations under the lease range from \$1,170 to \$1,278. Rent expense for the years ended September 30, 2023 and 2022, totaled \$18,652 and 17,402, respectively.

On December 1, 2016, the Organization entered into a 36-month lease with an unrelated party for a telecommunication tower in Fort Collins, Colorado, the lease is scheduled to extend for three additional three-year terms, and 3% annual increases thereafter. Monthly lease obligations under the lease range from \$281-\$344. Rent expense for the years ended September 30, 2023 and 2022, totaled \$3,565 and \$3,461, respectively.

On November 22, 2022, the Organization entered into a 10-year lease agreement with an unrelated party for a tower space in Cedar Lake Road, Golden, Colorado. The lease term commenced on December 1, 2022 and is scheduled to expire on November 1, 2032 with a 3% annual increase thereafter. Monthly lease obligations under the lease range from \$350-\$457. Rent expense for the years ended September 30, 2023 and 2022, totaled \$3,500 and \$0, respectively.

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The following is a schedule of operating lease liability as of September 30, 2023:

2024	\$	80,947
2025		75,920
2026		42,033
2027		17,134
2028		8,956
Therafter		22,481
Total undiscounted cash flows		247,471
Unamortized interest		(23,834)
Present value of operating lease liability	\$	223,637
Operating lease liability, current	\$	72,737
Operating lease liability, non-current		150,900
Present value of operating lease liability	\$	223,637

Capital Lease

The Organization leases a translator under a capital lease agreement which expired in February of 2022 with monthly payments of \$300. The Organization decided to exercise the option and purchased the translator for \$50,000. The lease agreement contains a bargain purchase option at the end of the lease term. The amount capitalized in relation to this agreement was \$14,440 in equipment, net of \$5,365 of accumulated depreciation for a carrying balance of \$9,075 as of September 30, 2023 and a carrying balance of \$10,040 as of September 30, 2022. The balance is amortized over the appropriate service period of the asset. Payments under this lease for the years ended September 30, 2023 and 2022 totaled \$0 and \$1,500, of which \$0 was applied to interest on the lease. The balance outstanding on the capital lease payable totaled \$0 and \$0 as of September 30, 2023 and 2022, respectively.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In that event, the Organization may be required to refund amounts to the federal government.

NOTE 8: CAPITAL CAMPAIGN

In 2017, the Organization, along with several other nonprofit organizations, was placed on the City of Boulder 2M & 2N Community, Culture, and Safety ballot to receive matching Grant's from a city sales tax extension for capital improvements projects that had been selected by a city stakeholders committee, then approved by city council, and finally by the voters.

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The Organization's proposal and intent is to raise \$1.25M, which will be matched by the City of Boulder, to build a multicultural community media center with a permanent training space, an intimate space for live performances and community dialogue, including new modernized and digital studios, and more. A portion of \$554,501 and \$567,277 of Capital Campaign funds listed in cash and cash equivalents in the statements of financial position is held in a checking account that was setup at Elevations Credit Union for the Capital Campaign which had balances of \$253,799 and \$225,655 as of September 30, 2023 and 2022, respectively. During 2022, the Organization's board designated \$327,500 of the loans forgiven to the Capital Campaign, reference Note 5.

NOTE 9: DONOR RESTRICTED NET ASSETS

The following schedule summarizes activity and balances related to donor restricted net assets:

	Restricted Balance 9/30/2022	Current Period Contributions	Expended or Released	Restricted Balance 9/30/2023
Capital Campaign	\$ 567,277	\$ 582,575	\$ (595,351)	\$ 554,501
Purpose Restricted	8,671	8,677	(8,671)	8,677
Total	<u>\$ 575,948</u>	<u>\$ 591,252</u>	<u>\$ (604,022)</u>	<u>\$ 563,178</u>

	Restricted Balance 9/30/2021	Current Period Contribution	Expended or Released	Restricted Balance 9/30/2022
Capital Campaign	\$ 223,598	\$ 343,679	\$ -	\$ 567,277
Purpose Restricted	37,500	6,751	(35,580)	8,671
Total	<u>\$ 261,098</u>	<u>\$ 350,430</u>	<u>\$ (35,580)</u>	<u>\$ 575,948</u>

NOTE 10: RENTAL INCOME

The Organization entered an agreement with KLZ Radio, Inc. for the use of Premises and the Antenna via a duplex arrangement to transmit the programming for radio station KLDC (AM) with the initial term of five years with the option to renew this agreement for two additional five (5) year terms. The lessee can exercise this option by giving written notice not less than six (6) months prior to the end of the then current term.

Boulder Community Broadcast Association, LLC also entered in an agreement with PEH Architects, Inc. to lease Suite 100 with a total rentable square footage of 2,409. The tenant has one right to renew or extend the term of the lease for an additional lease term of 4 years. Future minimum rental income as of September 30, 2023 is as follows:

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2024	\$	119,626
2025		122,199
2026		124,864
2027		110,791
Total	\$	<u>477,481</u>

NOTE 11: CONCENTRATIONS

The Organization's revenue sources carry significant concentrations. For the year ended September 30, 2023, there were two granting agencies that represented over 10% of revenues and represented a concentration of risk which were approximately 21% and 11% of total revenues. For the year ended September 30, 2022, there was one granting agency that represented over 10% of revenues and represented a concentration of risk which was approximately 14% of total revenues. The Organization received contributions from the Corporation for Public Broadcasting Community Service Grant program totaling \$120,799 and \$114,972, the full amounts of which were spent during the years ended September 30, 2023 and 2022, respectively.

NOTE 12: LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The following table reflects the Organizations financial assets, reduced by amounts not available for general expenditures within one year, as of September 30, 2023:

Financial Assets at Year End	\$ 714,071
Less: Funds unavailable for general expenditures due to contractual or donor - imposed restrictions (time or purpose)	
Restricted by donor with time or purpose restriction	<u>(563,178)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 150,893</u>

NOTE 13: SUBSEQUENT EVENTS

Management's Evaluation

Management of the Organization has evaluated events and transactions that occurred after the balance sheet date through March 28, 2024, the date the consolidated financial statements were available to be issued, and has determined that no subsequent events occurred that require recognition or disclosure in the consolidated financial statements.

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Lease Agreement

In January 2024, the Organization signed a preliminary lease agreement associated with a Transmitter site relocation project to move a tower site located in Dacono, Colorado to commence in June 2024, contingent upon FCC approval of modification applications to an existing construction permit filed previously with the FCC.

SUPPLEMENTAL DATA

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION
As of September 30, 2023**

	<u>BCBA, Inc</u>	<u>BCBA, LLC</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
ASSETS				
Current Assets:				
Cash and equivalents - unrestricted	\$ 660,780	\$ 18,890	\$ -	\$ 679,670
Accounts receivable	10,487	-	-	10,487
Prepaid expenses	23,914	-	-	23,914
Total Current Assets	<u>695,181</u>	<u>18,890</u>	<u>-</u>	<u>714,071</u>
Property and Equipment:				
Security Deposit	1,136	-	-	1,136
Operating Lease right of use asset, net	219,406	-	-	219,406
Property and equipment, net	989,048	3,293,551	-	4,282,599
Total Property and Equipment	<u>1,209,590</u>	<u>3,293,551</u>	<u>-</u>	<u>4,503,141</u>
 TOTAL ASSETS	 <u>\$ 1,904,771</u>	 <u>\$ 3,312,441</u>	 <u>\$ -</u>	 <u>\$ 5,217,212</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 13,801	\$ 1,875	\$ -	\$ 15,676
Operating lease liability, current	72,736	-	-	72,736
Loan payable, current portion	49,123	-	-	49,123
Total Current Liabilities	<u>135,660</u>	<u>1,875</u>	<u>-</u>	<u>137,535</u>
Non-Current Liabilities:				
Operating lease liability, non-current	150,901	-	-	150,901
Security deposit on lease	-	7,227	-	7,227
Loan payable, net of current portion	459,453	-	-	459,453
Note payable, net of current portion	-	2,800,000	-	2,800,000
Total Non-Current Liabilities	<u>610,354</u>	<u>2,807,227</u>	<u>-</u>	<u>3,417,581</u>
Net Assets:				
Without donor restrictions	1,121,962	(23,044)	-	1,098,918
With donor restrictions	563,178	-	-	563,178
Total Net Assets	<u>1,685,140</u>	<u>(23,044)</u>	<u>-</u>	<u>1,662,096</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,431,154</u>	 <u>\$ 2,786,058</u>	 <u>\$ -</u>	 <u>\$ 5,217,212</u>

See accompanying Independent Auditor's Report

**BOULDER COMMUNITY BROADCAST ASSOCIATION, INC. AND
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CONSOLIDATING STATEMENT OF ACTIVITIES
As of September 30, 2023**

	BCBA, Inc		BCBA, LLC	Eliminations	Consolidated Total
	Without Donor Restriction	With Donor Restriction			
Operating Activities:					
Public Support and Revenue:					
Capital Campaign	\$ -	\$ 582,575	\$ -	\$ -	\$ 582,575
Membership revenue	520,928	-	-	-	520,928
Grant revenue	202,378	8,677	-	-	211,055
In-kind contributions	128,423	-	-	-	128,423
Corporation for public broadcasting grants	120,799	-	-	-	120,799
Underwriting revenue	79,294	-	-	-	79,294
Rental income	27,363	-	39,261	-	66,624
Bequests	31,100	-	-	-	31,100
Special events, net of expenses of \$15,491	27,598	-	-	-	27,598
Miscellaneous revenue	4,253	-	23,232	-	27,485
Vehicle Donations	26,041	-	-	-	26,041
Interest income	5,170	-	-	-	5,170
Net Assets Released from Restriction	604,022	(604,022)	-	-	-
Total public support and revenues	<u>1,777,369</u>	<u>(12,770)</u>	<u>62,493</u>	<u>-</u>	<u>1,827,092</u>
Expenses:					
Program services:					
Programming and production	605,792	-	-	-	605,792
Broadcast	214,099	-	-	-	214,099
Program Information	21,980	-	-	-	21,980
Supporting services:					
Management and general	212,729	-	10,842	-	223,571
Fundraising	140,643	-	-	-	140,643
Underwriting and Grants	63,632	-	-	-	63,632
Capital Asset Improvement	-	-	74,695	-	74,695
Total Expenses	<u>1,258,875</u>	<u>-</u>	<u>85,537</u>	<u>-</u>	<u>1,344,412</u>
Change in net assets from operating activities	<u>518,494</u>	<u>(12,770)</u>	<u>(23,044)</u>	<u>-</u>	<u>482,680</u>
Change in net assets:	<u>518,494</u>	<u>(12,770)</u>	<u>(23,044)</u>	<u>-</u>	<u>482,680</u>
Net assets at beginning of year	<u>603,468</u>	<u>575,948</u>	<u>-</u>	<u>-</u>	<u>1,179,416</u>
Net assets at end of year	<u>\$ 1,121,962</u>	<u>\$ 563,178</u>	<u>\$ (23,044)</u>	<u>\$ -</u>	<u>\$ 1,662,096</u>

See accompanying Independent Auditor's Report