

GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

FINANCIAL STATEMENTS
And
INDEPENDENT AUDITORS' REPORT

For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grand Valley Public Radio Company
Grand Junction, Colorado

We have audited the accompanying financial statements of the Grand Valley Public Radio Company (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Grand Valley Public Radio Company as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



JEFF WENDLAND, CPA, LLC
Grand Junction, Colorado
July 1, 2021

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GRAND VALLEY PUBLIC RADIO COMPANY
(a Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019

ASSETS		
	2020	2019
Current assets		
Cash - unrestricted	\$ 115,261	\$ 68,791
Donations and underwriting receivable	-	5,688
Prepaid expense	36,691	20,327
Total current assets	151,952	94,806
Property and equipment - net of depreciation	509,405	529,842
Loan fees - net of amortization	5,951	6,250
Other assets		
Cash restricted for use in the following year	61,833	50,619
Cash designated for debt repayment and fixed asset acquisition	25,747	23,963
Total other assets	87,580	74,582
Total assets	\$ 754,888	\$ 705,480
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Accounts payable	\$ -	\$ 1,407
Accrued liabilities	10,060	14,945
Deferred underwriting revenue	42,686	49,290
Current portion of long-term debt	11,530	6,785
Total current liabilities	64,276	72,427
Long-term debt - secured	253,771	265,048
Total liabilities	318,047	337,475
Net Assets		
With donor restrictions	61,833	50,619
Without donor restrictions		
Designated by the Board for debt repayment and fixed asset acquisition	23,963	93,060
Without designation	351,045	224,326
Total net assets without donor restriction	375,008	317,386
Total net assets	436,841	368,005
Total liabilities and net assets	\$ 754,888	\$ 705,480

The accompanying notes are an integral part of these financial statements.

GRAND VALLEY PUBLIC RADIO COMPANY
(a Nonprofit Corporation)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended December 31, 2020 and 2019

	2020			2019		
	Without	With	Total	Without	With	Total
	Donor	Donor		Donor	Donor	
	Restrictions	Restrictions		Restrictions	Restrictions	
Revenues and Support						
Contributed goods and services	\$ 84,033	\$ -	\$ 84,033	\$ 96,568	\$ -	\$ 96,568
Fund drives and contributions	49,877	-	49,877	103,633	-	103,633
Underwriting	83,267	-	83,267	71,607	-	71,607
Grants	142,140	61,833	203,973	42,483	50,619	93,102
Fund raising events	10,219	-	10,219	14,676	-	14,676
Concerts	6,514	-	6,514	32,654	-	32,654
Raffle	4,514	-	4,514	4,312	-	4,312
Paycheck Protection Program	27,650	-	27,650	-	-	-
Other revenues	143	-	143	-	-	-
Total revenues and support	<u>408,357</u>	<u>61,833</u>	<u>470,190</u>	<u>365,933</u>	<u>50,619</u>	<u>416,552</u>
Released from restriction:						
By passage of time	50,619	(50,619)	-	50,620	(50,620)	-
Expenses						
Program Services - Public Radio Station						
Programming and production	84,277	-	84,277	86,155	-	86,155
Broadcasting and engineering	35,793	-	35,793	30,828	-	30,828
Program information and promotion	35,574	-	35,574	27,906	-	27,906
Total program services	<u>155,644</u>	<u>-</u>	<u>155,644</u>	<u>144,889</u>	<u>-</u>	<u>144,889</u>
Support Services						
Management and general	49,501	-	49,501	31,441	-	31,441
Fundraising and membership development	53,293	-	53,293	70,572	-	70,572
Underwriting and grant solicitation	106,238	-	106,238	111,413	-	111,413
Total support services	<u>209,032</u>	<u>-</u>	<u>209,032</u>	<u>213,426</u>	<u>-</u>	<u>213,426</u>
Unallocated expense						
Amortization and Depreciation	21,456	-	21,456	21,257	-	21,257
Interest	15,222	-	15,222	17,628	-	17,628
Total expenses	<u>401,354</u>	<u>-</u>	<u>401,354</u>	<u>397,200</u>	<u>-</u>	<u>397,200</u>
Increase in net assets from operations	<u>57,622</u>	<u>11,214</u>	<u>68,836</u>	<u>19,353</u>	<u>(1)</u>	<u>19,352</u>
Net assets						
Beginning of year	<u>317,386</u>	<u>50,619</u>	<u>368,005</u>	<u>298,033</u>	<u>50,620</u>	<u>348,653</u>
End of year	<u>\$ 375,008</u>	<u>\$ 61,833</u>	<u>\$ 436,841</u>	<u>\$317,386</u>	<u>\$ 50,619</u>	<u>\$ 368,005</u>

The accompanying notes are an integral part of these financial statements.

GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSE

For the year ended December 31, 2020

	Program Services			
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Total Program Services
Accounting and auditing	\$ 5,747	\$ 5,747	\$ 5,747	\$ 17,241
Advertising	2,000	-	3,000	5,000
Bad debts	-	-	-	-
Bank charges	-	-	-	-
Commissions	-	-	-	-
Memberships and Dues	-	-	-	-
Information technology	2,000	2,000	-	4,000
Insurance	521	521	521	1,563
Miscellaneous	-	-	-	-
Off-air fundraising	-	-	-	-
Office Expense	2,670	2,670	2,670	8,010
Wages & salaries	59,865	15,661	15,661	91,187
Payroll processing	1,041	272	273	1,586
Payroll taxes	4,557	1,192	1,192	6,941
Programming	2,937	-	-	2,937
Radio room	-	-	-	-
Rent	-	3,450	-	3,450
Repairs and maintenance	916	916	916	2,748
Supplies	-	1,340	-	1,340
Utilities	1,987	1,988	1,988	5,963
Volunteer, employee & member appreciation	36	36	734	806
Website	-	-	2,872	2,872
	<u>\$ 84,277</u>	<u>\$ 35,793</u>	<u>\$ 35,574</u>	<u>\$ 155,644</u>

The accompanying notes are an integral part of these statements.

Support Services

Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Support Services	Total Expenses
\$ 5,748	\$ 5,748	\$ 5,748	\$ 17,244	\$ 34,485
1,000	11,137	3,000	15,137	20,137
-	-	3,198	3,198	3,198
52	592	3,361	4,005	4,005
-	-	4,927	4,927	4,927
8,146	-	-	8,146	8,146
1,184	-	3,530	4,714	8,714
2,470	522	522	3,514	5,077
337	-	3,198	3,535	3,535
-	7,133	-	7,133	7,133
2,670	2,669	2,669	8,008	16,018
15,661	15,662	66,782	98,105	189,292
273	273	1,162	1,708	3,294
1,192	1,192	5,083	7,467	14,408
-	-	-	-	2,937
5,183	-	-	5,183	5,183
-	-	-	-	3,450
916	916	916	2,748	5,496
2,646	5,225	-	7,871	9,211
1,987	1,988	1,988	5,963	11,926
36	236	154	426	1,232
-	-	-	-	2,872
<u>\$ 49,501</u>	<u>\$ 53,293</u>	<u>\$ 106,238</u>	<u>\$ 209,032</u>	<u>\$ 364,676</u>

GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSE

For the year ended December 31, 2019

	Program Services			
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Total Program Services
Accounting and auditing	\$ 5,122	\$ 5,122	\$ 5,121	\$ 15,365
Advertising	2,000	-	3,000	5,000
Bank charges	-	-	-	-
Dues and subscriptions	-	-	-	-
Information technology	2,000	3,409	-	5,409
Insurance	862	862	862	2,586
Miscellaneous	6,352	272	224	6,848
Off-air fundraising	-	-	-	-
Wages & salaries	49,251	9,283	9,283	67,817
Payroll processing	1,134	214	213	1,561
Payroll taxes	4,203	803	803	5,809
Programming	2,918	-	-	2,918
Radio room	-	-	-	-
Rent	-	2,462	-	2,462
Repairs and maintenance	4,391	4,391	4,390	13,172
Supplies	1,774	1,774	1,774	5,322
Utilities	2,148	2,149	2,149	6,446
Volunteer, employee & member appreciation	2,128	87	87	2,302
Website	1,872	-	-	1,872
	<u>\$ 86,155</u>	<u>\$ 30,828</u>	<u>\$ 27,906</u>	<u>\$ 144,889</u>

The accompanying notes are an integral part of these financial statements.

Support Services

Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Support Services	Total Expenses
\$ 5,122	\$ 5,121	\$ 5,121	\$ 15,364	\$ 30,729
1,000	16,205	3,000	20,205	25,205
	1,539	3,168	4,707	4,707
925	-	-	925	925
738	-	2,000	2,738	8,147
1,841	862	862	3,565	6,151
3,112	586	10,746	14,444	21,292
-	-	12,513	12,513	12,513
9,282	17,723	36,282	63,287	131,104
218	408	835	1,461	3,022
803	1,534	3,082	5,419	11,228
-	-	-	-	2,918
-	-	23,533	23,533	23,533
-	-	-	-	2,462
4,391	4,391	4,390	13,172	26,344
1,774	18,269	1,774	21,817	27,139
2,148	2,149	2,149	6,446	12,892
87	1,785	1,958	3,830	6,132
-	-	-	-	1,872
<u>\$ 31,441</u>	<u>\$ 70,572</u>	<u>\$ 111,413</u>	<u>\$ 213,426</u>	<u>\$ 358,315</u>

GRAND VALLEY PUBLIC RADIO COMPANY
(a Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash received from contributors and grants	\$ 374,070	\$ 270,589
Received from raffles	4,514	4,312
Received from concerts	6,514	32,654
Other receipts	143	-
	<u>385,241</u>	<u>307,555</u>
Cash paid to suppliers	(92,140)	(97,239)
Cash paid for personnel	(211,879)	(139,492)
Cash paid for interest	(15,222)	(17,628)
	<u>(223,241)</u>	<u>(354,391)</u>
Net cash provided by operating activities	66,000	53,196
Cash flows from investing activities		
Purchase of property and equipment	-	(17,557)
Paid for loan fees	-	(6,547)
Cash flows from financing activities		
Principal paid on secured notes	(6,532)	(53,772)
Net increase (decrease) in cash	<u>59,468</u>	<u>(24,680)</u>
Cash at beginning of year	143,373	168,053
Cash at end of year	<u>\$ 202,841</u>	<u>\$ 143,373</u>
Per Statement of Financial Position		
Cash	\$ 115,261	\$ 68,791
Cash restricted for use in the following year	61,833	50,619
Cash designated by the board for non-operating purposes	25,747	23,963
	<u>\$ 202,841</u>	<u>\$ 143,373</u>

The accompanying notes are an integral part of these financial statements.

GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Grand Valley Public Radio Company (the Organization) is a local not-for-profit organization located in Grand Junction, Colorado, supported primarily by contributions and underwriting from the surrounding community and a grant from the Corporation for Public Broadcasting. The Organization operates community radio station KAFM, largely with volunteer on-air personalities and support staff.

2. Basis of Accounting

The financial statements of the Organization are presented using the accrual basis of accounting which records income when earned and expenses when incurred. Contributions received or made, including unconditional promises to give, are recognized in the period received or made, respectively, at fair value. Amounts are classified based on the presence or absence of donor-imposed restrictions as described below.

3. Revenue Recognition

Contributions received are recorded as without donor restriction or with donor restriction, depending, on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

4. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

5. Allowance for Doubtful Accounts

The Organization believes all of its receivables are collectible. Accordingly, no provision is made for doubtful accounts. All receivables are expected to be collected within one year.

GRAND VALLEY PUBLIC RADIO COMPANY
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

6. Property and Equipment

Property and equipment are recorded at cost or at estimated fair value at the date of gift if donated. Property and equipment with a cost or estimated fair value of \$750 or more and an estimated useful life greater than one year is capitalized. Furniture and equipment depreciation is computed on an accelerated basis over estimated useful lives of 5 to 7 years. Buildings and improvements are depreciated on a straight line basis over 39 years. The Organization follows the policy of not implying a time restriction and records unrestricted income for the donation of long-lived assets.

7. Tax Status

The Organization has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

8. Contributed Services and Property

A significant number of volunteers have donated their time to the Organization and its fund raising campaigns. Support arising from these contributed services is not recorded in the financial statements, as no objective basis is available to measure the value of the services performed. Certain contributed services that require specialized skills are recognized as contributed revenue and expense. The Organization believes this recognition is preferable in the circumstances and will better reflect the contribution and cost of such services. The Organization also receives donations of goods. These donations are recognized at fair market value at the date of gift. These contributed goods and services are valued at \$84,033 and \$96,568 for the years ended December 31, 2020 and 2019, respectively, and have been recorded as revenue and expense or fixed assets.

9. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets and the statements of functional expense accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits which are allocated on the basis of time and effort. Accounting and auditing, payroll processing, repairs and maintenance, supplies, and utilities are allocated based on management's estimate of usage among the functions.

GRAND VALLEY PUBLIC RADIO COMPANY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

10. Use of Estimates

The Organization has prepared these financial statements in conformity with generally accepted accounting principles, which require the use of management's estimates. Actual results could differ from the estimates used.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for use by donor-imposed restrictions and board designations.

Financial assets at available to meet cash needs for expenditure within one year consist of:

	<u>2020</u>	<u>2019</u>
Cash – unrestricted	\$ 115,261	\$ 68,791
Donations and underwriting receivable	-0-	5,688
Prepaid expense	36,691	20,327
Cash restricted for use in the following year	61,833	50,619
Cash designated for non-operating purposes	<u>25,747</u>	<u>23,963</u>
Total financial assets	239,532	169,388
Less cash designated by the board	<u>(25,747)</u>	<u>(23,963)</u>
Total financial resources available to meet cash needs within one year	<u>\$ 213,785</u>	<u>\$ 145,425</u>

The Organization's cash operating expenses approximate \$ 295,000 per year. On-going fundraising and grants provide resources to cover the remaining cash requirements.

GRAND VALLEY PUBLIC RADIO COMPANY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment, at cost, and accumulated depreciation are summarized as follows:

	2020	2019
Equipment and office furniture	\$ 145,447	\$ 145,447
Standby equipment	6,576	6,576
Building and improvements - secured - Note D	429,811	429,811
Less accumulated depreciation	(323,012)	(302,575)
Net depreciable assets	258,822	279,259
Music library	210,565	210,565
Land - secured - Note D	40,018	40,018
	\$ 509,405	\$ 529,842

The Organization’s music library consists of approximately 5,500 vinyl albums and 25,000 compact disks at December 31, 2020 and 2019. As of December 31, 2019 all of the albums and Compact disks had been converted to electronic form on the Station’s computers. All of the vinyl albums and compact disks were donated to the Organization and have been recorded at their estimate fair market value. Management believes the useful lives of the items in the library are extraordinarily long and accordingly, no depreciation is recognized on these items.

Land and buildings carried at a cost of \$469,639 at December 31, 2020 and 2019, with accumulated depreciation of \$199,511 and \$185,949 respectively, at those dates are pledged as security for the loan described in Note D.

Broadcast equipment carried at a cost of \$45,552 at December 31, 2020 and 2019, respectively with accumulated depreciation of \$45,552 and \$43,376, respectively was purchased in part with funds provided by a grant of \$15,943 from the United States Department of Commerce. That grant requires that if the equipment is disposed of before 2022, the grant must be repaid. The Department of Commerce has filed a UCC financing statement on this equipment to ensure compliance with this grant provision.

Loan fees incurred in connection with the refinance of notes in January, 2019 have been capitalized and are being amortized over the expected life of the new loan. Balances at December 31, 2020 are:

Loan fees	\$ 6,547
Accumulated amortization	(596)
Amortized balance	\$ 5,951

GRAND VALLEY PUBLIC RADIO COMPANY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE D - NOTES PAYABLE – SECURED

The following note was outstanding at December 31, 2020 and 2019:

ALPINE BANK MORTGAGE

In January, 2019 the Organization refinanced multiple loans with a mortgage with Alpine Bank in the amount of \$336,671. Shortly following the refinance the Organization applied \$60,000 against this loan. This loan is secured by real estate carried at \$469,639 with accumulated depreciation of \$199,511 at December 31, 2020. Annual interest on this loan was 5.5% at December 31, 2020 and monthly payments are \$1,797.25.

This loan was refinanced in May, 2021. The loan was paid down approximately \$86,000. The new loan was for \$178,086, carries interest at 4% per annum, is payable in monthly installments of \$1,808.72 and matures on May 9, 2031.

Future payments on these loans are

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Payment</u>
2021	10,117	11,530	21,647
2022	6,503	15,202	21,704
2023	5,884	15,820	21,704
2024	5,239	16,465	21,704
2025	4,568	17,136	21,704
2026-2030	11,784	96,739	108,523
2031	<u>75</u>	<u>8,967</u>	<u>9,043</u>
Total	<u>\$ 44,170</u>	<u>\$ 181,859</u>	<u>\$ 226,029</u>

PAYCHECK PROTECTION PLAN LOANS

In April, 2020 the Station received a loan under the Cares Act for \$27,500. This loan was forgiven and is recorded as revenue in the financial statements.

GRAND VALLEY PUBLIC RADIO COMPANY
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE E - ADVERTISING

The Organization received \$13,532 and \$16,966 in contributed advertising and promotion for the years ended December 31, 2020 and 2019, respectively. The Organization's policy is to expense advertising as it is incurred.

NOTE F – RESTRICTIONS ON NET ASSETS

Some grant proceeds from the Corporation for Public Broadcasting are restricted for use in the following year. Those restricted funds are detailed as follows:

	<u>12/31/20</u>	<u>12/31/19</u>
Restricted by timing:		
Corporation for Public Broadcasting grant to be used in the subsequent year	\$ 61,833	\$ 50,619

NOTE G – CONCENTRATIONS

The Organization conducts most of its operations and fund-raising in Mesa County, Colorado. Changes in local economic conditions could have material effects on the Organization's ability to raise funds. The Organization receives considerable funds in the form of grants. These grants are subject to periodic renewal.

NOTE H – CONTINGENCIES

Much of the Organization's support comes from grantor agencies. These agencies review the Organization's operations from time to time to determine that grant funds were used for purposes stipulated by those agencies. If an agency determined that funds had not been spent in accordance with those stipulations it could request the return of all or part of the funds provided. To date, none of the grantor agencies has indicated that any funds have not been spent appropriately. There are no guarantees that the granting agencies will reissue grants in the future.

NOTE I - SUBSEQUENT EVENTS

The Organization has considered events through July 1, 2021 which may have an effect on these financial statements. This date is the date of issuance of these financial statements.