CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Financial Statements

For the Year Ended September 30, 2020 and the Nine-Month Period Ended September 30, 2019

Waugh & Goodwin, LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cheyenne Mountain Public Broadcast
House, Inc. and affiliate
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Cheyenne Mountain Public Broadcast House, Inc. (a nonprofit organization) and CRN Services, Inc. (a corporation), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended September 30, 2020 and the nine months ended September 30, 2019, 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 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 financial statements are free of 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 Cheyenne Mountain Public Broadcast House, Inc. and CRN Services, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended September 30, 2020 and the nine months ended September 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the financial statements, in 2019, Cheyenne Mountain Public Broadcast House, Inc. adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers,* ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities)*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments – Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
January 31, 2021

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Financial Position

September 30, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	$ 211,169	$ 179,985
Accounts and pledges receivable	9,142	5,330
Grants receivable	2,270	19,503
Prepaid expenses	16,228	19,888
Total current assets	238,809	224,706
PROPERTY AND EQUIPMENT:		
Equipment	700,746	700,746
Jazz equipment	32,978	25,239
Building and improvements	158,844	158,844
Land	51,600	51,600
Less accumulated depreciation	(789,490)	(742,943)
Property and equipment, net	154,678	193,486
LONG-TERM INVESTMENTS	493,426	472,215
ENDOWMENT AND QUASI-ENDOWMENT	278,607	258,253
TOTAL ASSETS	$ 1,165,520	$ 1,148,660

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 13,284	$ 34,403
Deferred revenue	12,777	20,361
Current portion of refundable advance	135,315	
Total current liabilities	161,376	54,764
NET ASSETS:		
Without donor restrictions	208,758	211,933
Without donor restrictions - Board designated	757,208	743,616
With donor restrictions	38,178	138,347
Total net assets	1,004,144	1,093,896
TOTAL LIABILITIES AND NET ASSETS	$ 1,165,520	$ 1,148,660

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Activities and Changes in Net Assets

For the Year Ended September 30, 2020 and the Nine-Months Ended September 30, 2019

	2020			2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
SUPPORT AND REVENUE:						
Contributions and grants	$ 483,972	$ 29,491	$ 513,463	$ 397,188	$ 14,333	$ 411,521
Corporate sponsorship	190,117		190,117	184,787		184,787
Corporation for Public Broadcasting grant	179,650		179,650			
Program service revenue - in kind	85,765		85,765	44,252		44,252
Investment income, net	41,817		41,817	65,882		65,882
Miscellaneous income	2,704		2,704	1,790		1,790
Satisfied program restrictions	129,660	(129,660)		153,793	(153,793)	
Total support and revenue	1,113,685	(100,169)	1,013,516	847,692	(139,460)	708,232
EXPENSES:						
Program services:						
Broadcasting	424,346		424,346	300,468		300,468
Jazz	184,756		184,756	128,039		128,039
Programming and production	123,431		123,431	153,928		153,928
Total program services	732,533		732,533	582,435		582,435
Supporting services:						
General and administrative	270,608		270,608	164,323		164,323
Fundraising and membership development	100,127		100,127	108,909		108,909
Total supporting services	370,735		370,735	273,232		273,232
Total expenses	1,103,268		1,103,268	855,667		855,667
CHANGE IN NET ASSETS	10,417	(100,169)	(89,752)	(7,975)	(139,460)	(147,435)
NET ASSETS, beginning of year	955,549	138,347	1,093,896	963,524	277,807	1,241,331
NET ASSETS, end of year	$ 965,966	$ 38,178	$ 1,004,144	$ 955,549	$ 138,347	$ 1,093,896

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2020

	Broadcasting	Programming and Production	Jazz	Total Program Services	General and Administrative	Fundraising and Membership Development	Total
Bank charges & credit card fees	$	$ 2,494	$ 477	$ 2,971	$ 256	$ 7,770	$ 10,997
Contract labor			200	200	323	1,020	1,543
Corporation for Public Broadcasting	35,151	4,243	2,905	42,299	7,476		49,775
Depreciation	43,007		3,540	46,547			46,547
Engineering	18,024		4,801	22,825			22,825
Facility maintenance		460		460	7,735		8,195
In-kind items from vendors	250	31,884	52,281	84,415	1,350		85,765
Insurance					14,353		14,353
Licenses & taxes	3,208	325		3,533	271		3,804
Memberships, dues, & subscriptions	156	745		901	2,745	731	4,377
Office expense	1,160	7,238	400	8,798	7,487	8,293	24,578
Other expenses	11,230	2,369	8,060	21,659	3,445	1,964	27,068
Printing and postage						13,159	13,159
Production	2,800	1,162		3,962			3,962
Professional fees	214			214	10,557		10,771
Promotional expense	2,500	952	874	4,326		8,253	12,579
Rent & occupancy	64,450		13,029	77,479			77,479
Salaries, payroll taxes, & benefits	215,149	70,210	93,794	379,153	208,880	58,937	646,970
Transmitter	5,333			5,333			5,333
Utilities & telephone	16,686	830	1,903	19,419	5,159		24,578
Webstreaming	5,028	519	2,492	8,039	571		8,610
	$ 424,346	$ 123,431	$ 184,756	$ 732,533	$ 270,608	$ 100,127	$ 1,103,268
	38.46%	11.19%	16.75%	66.40%	24.52%	9.08%	100.00%

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statement of Functional Expenses

For the Nine-Months Ended September 30, 2019

	Broadcasting	Programming and Production	Jazz	Total Program Services	General and Administrative	Fundraising and Membership Development	Total
Bank charges & credit card fees	$	$ 950	$ 124	$ 1,074	$ 864	$ 7,161	$ 9,099
Contract labor			1,324	1,324	10,419		11,743
Corporation for Public Broadcasting	18,085	14,609	2,693	35,387	9,610		44,997
Critical karaoke distribution	930	5,550		6,480			6,480
Depreciation	37,503		2,655	40,158			40,158
Engineering	7,235		299	7,534			7,534
Facility maintenance	27	724		751	2,756		3,507
In-kind items from vendors		23,377	16,370	39,747	4,800		44,547
Insurance	1,839			1,839	11,879		13,718
Licenses & taxes		10		10	187		197
Memberships, dues, & subscriptions	437	2,180		2,617	1,689	1,134	5,440
Office expense	1,092	3,938	400	5,430	6,516	7,563	19,509
Other expenses	3,954	6,565	2,731	13,250	681	4,882	18,813
Printing and postage		135		135		15,664	15,799
Production	705	3,979		4,684			4,684
Professional fees	71			71	8,190		8,261
Promotional expense			941	941	132	11,095	12,168
Rent & occupancy	47,144		9,585	56,729			56,729
Salaries, payroll taxes, & benefits	157,780	91,461	89,243	338,484	102,422	61,410	502,316
Transmitter	3,611			3,611			3,611
Utilities & telephone	15,182			15,182	3,728		18,910
Webstreaming	4,873	450	1,674	6,997	450		7,447
	$ 300,468	$ 153,928	$ 128,039	$ 582,435	$ 164,323	$ 108,909	$ 855,667
	35.12%	17.99%	14.96%	68.07%	19.20%	12.73%	100.00%

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Cash Flows
For the Year Ended September 30, 2020
and the Nine-Months Ended September 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (89,752)	$ (147,435)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	46,547	40,158
Net unrealized gains on investments	(19,276)	(58,258)
Decrease (increase) in assets:		
Accounts and pledges receivable	(3,812)	22,013
Grants receivable	17,233	39,523
Prepaid expenses	3,660	(360)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(21,119)	(625)
Deferred revenue	(7,584)	(41,420)
Total adjustments	15,649	1,031
Net cash used by operating activities	(74,103)	(146,404)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(7,739)	(3,984)
(Increase) decrease in endowment and quasi-endowment	(11,487)	1,152
Change in long-term investments, net	(10,802)	(8,410)
Net cash used by investing activities	(30,028)	(11,242)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP Refundable Advance	135,315	
Net cash provided by financing activities	135,315	
NET INCREASE (DECREASE) IN CASH	31,184	(157,646)
CASH AND CASH EQUIVALENTS, beginning of year	179,985	337,631
CASH AND CASH EQUIVALENTS, end of year	$ 211,169	$ 179,985

See Notes to Consolidated Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

Cheyenne Mountain Public Broadcast House, Inc. (the Corporation) was incorporated in the state of Colorado in 1977 as a not-for-profit corporation. The Corporation is organized exclusively for educational purposes through the operation of two non-commercial educational radio broadcasting stations presenting educational, cultural, and public interest programs in the state of Colorado. The Corporation is a trusted source of quality classical music, jazz music, and arts content for the people of Colorado Springs and Southern Colorado. The Corporation is dedicated to a vital cultural community by sharing the artistic voices of Colorado Springs and the world, through broadcasting, digital platforms, and community engagement. CRN Services, Inc. (CRN) was incorporated in the State of Colorado, February 23, 2017, and is wholly owned by Cheyenne Mountain Public Broadcast House, Inc.

Accounting Standards Update

On October 1, 2019, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* (ASU 2014-09) and FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). These two ASUs were adopted together as of October 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

On October 1, 2019, the Corporation also adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial*

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

Instruments—Overall (Subtopic 825-10), and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and activities of Cheyenne Mountain Public Broadcast House, Inc. and CRN Services, Inc. collectively referred to as the "Corporation". All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

The accounting records of Cheyenne Mountain Public Broadcast House, Inc. are maintained in conformity with the principles of nonprofit accounting. The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's checking and savings accounts.

Investments

Investments are carried at market value. Realized and unrealized gains and losses are reflected in the statement of activities and are available for current operations.

Revenue Recognition from Customers

Corporate sponsorship - Corporate sponsor contracts are generally six to twelve months. On-air acknowledgements of the sponsorship occur during the contract period and revenue is recognized ratably over the contract period.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition from Customers - continued

Program service revenue - in kind - The Corporation records revenue and expense for barter transactions based on the estimated fair value of goods and services exchanged. Revenue is recognized at the time the goods are received or services performed.

Contributions

Contributions are recorded when received as with donor restriction or without donor restriction, depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Gifts of land, buildings and equipment are reported as support without donor restrictions unless explicit donor restrictions specify how the donated assets must be used. Restrictions met in the same period are reported as support without donor restrictions.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain General Provisions must be satisfied in connection with the application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Corporation for Public Broadcasting Community Service Grants - continued

The CSGs are reported in the accompanying financial statements as increases in net assets with donor restrictions until satisfaction of the time and purpose restrictions, after which they are reported as a release from net assets with donor restrictions and an increase in net assets without donor restrictions.

Accounts and Pledges Receivable

As of September 30, 2020 and 2019, the Corporation had net accounts and pledges receivable of $9,142 and $5,330, respectively. The pledges are scheduled to be received by the Corporation during the next year. At September 30, 2020 and 2019, Management believes all accounts and pledges receivable are fully collectible, therefore no allowance for uncollectible amounts is considered necessary.

Property and Equipment

Property and equipment are recorded at cost when purchased or fair market value if donated. Depreciation of equipment is provided on a straight-line basis over estimated useful lives of three to 35 years. The Corporation capitalizes acquisitions of property and equipment with an initial cost in excess of $2,500 and a useful life of greater than one year. Expenditures for maintenance and repairs that materially prolong the useful life are capitalized if they meet these criteria.

During the year ended December 31, 2010, the National Telecommunications and Information Administration awarded funds to the Corporation under the Public Telecommunications Facilities Program (PTFP) to be used for equipment and related costs. As a result of the funding, the Federal Government retains a lien against the purchased equipment for a period of ten years commencing September 30, 2010. During this time, the Federal Government retains a priority reversionary interest in the equipment. The amount of equipment purchased with these funds was $114,551. This lien was released during the year ended September 30, 2020.

Depreciation expense for the year ended September 30, 2020 and the nine-month period ended September 30, 2019 was $46,547 and $40,158, respectively.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. The Corporation does not engage in activities not directly related to its tax-exempt purpose which would be subject to income tax. Accordingly, no income tax provision has been recorded. CRN qualifies as a taxable corporation but had minimal revenue during the year ended September 30, 2020. Accordingly, no income tax provision has been recorded.

The Corporation's form 990, Return of Organization Exempt from Income Tax, and CRN's form 1120, U.S. Corporation, Income Tax Return, are subject to examination by various taxing authorities, generally for three years after the date filed.

Management of the Corporation and CRN believe that they do not have any uncertain tax positions that are material to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Donated Services

A substantial number of volunteers donated time to the Corporation's program services and its fundraising activities; however, the estimated value was not recorded because they did not meet the criteria for recognition under FASB ASC 605.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs such as salaries, payroll taxes, and employee benefits have been allocated among the programs and supporting services benefited based an estimate of time and effort expended.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through January 31, 2021, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation 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 Corporation has various sources of liquidity at its disposal, including cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities of classical and jazz broadcasts, production of special programming and promotion of the arts as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenses not covered by donor-restricted resources.

The following table reflects the Corporation's financial assets as of September 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of internal Board designations or donor-restrictions. Amounts not available include certain alternative investments that are designated by the Board as special projects funds intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the Board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

	2020	2019
Cash and cash equivalents	$ 211,169	$ 179,985
Accounts and pledges receivable	9,142	5,330
Grants receivable	2,270	19,503
Long-term investments	493,426	472,215
Endowment and quasi-endowment	278,607	258,253
Total financial assets	994,614	935,286
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(38,178)	(138,347)
Available within one year	$ 956,436	$ 796,939

The Corporation's governing board has designated a portion of its unrestricted resources for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. At September 30, 2020 and 2019, the following amounts were designated for specific purposes by the Board:

	2020	2019
Long-term savings	$ 309,074	$ 288,341
Property and equipment	180,244	206,486
Quasi-endowment	267,890	248,789
Total financial assets	$ 757,208	$ 743,616

The Corporation's investment portfolio is held by Pikes Peak Community Foundation and is subject only to Board approval for withdrawal with no penalties. There are no constraints placed upon the funds listed above that limit the amount available for withdrawal at a given redemption date.

C. CONTRACT RECEIVABLES AND LIABILITIES

The following table reflects the beginning and ending balances of the receivables and liabilities from contracts with customers. The receivables are reflected as part of accounts and pledges receivable and the liabilities are reflected as deferred revenue on the statement of financial position.

	9/30/2020	9/30/2019	12/31/2018
Contract receivables	$ 9,142	$ 5,330	$ 27,343
Contract liabilities	$ 12,777	$ 20,361	$ 61,781

D. FAIR VALUE MEASUREMENTS

The Corporation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels are recorded at the end of the period.

The following tables present assets that are measured at fair value on a recurring basis at September 30, 2020 and 2019:

Assets at Fair Value as of September 30, 2020				
	Level 1	Level 2	Level 3	Total
Money market funds	$ 184,352	$	$	$ 184,352
PPCF pooled funds		587,681		587,681
	$ 184,352	$ 587,681	$	$ 772,033

Assets at Fair Value as of September 30, 2019				
	Level 1	Level 2	Level 3	Total
Money market funds	$ 183,874	$	$	$ 183,874
PPCF pooled funds		546,594		546,594
	$ 183,874	$ 546,594	$	$ 730,468

D. FAIR VALUE MEASUREMENTS - Continued

The PPCF pooled funds consists of units in a pooled portfolio managed by Pikes Peak Community Foundation. Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amount of investments in the Corporation's financial statements. Though the market values of investments are subject to fluctuation, management and the investment committee believe that the investment policy is prudent for the long-term welfare of the Corporation.

Investment income (loss) for the year ended September 30, 2020 and the nine-month period ended September 30, 2019 consist of the following:

	2020	2019
Interest and dividends	$ 28,056	$ 10,824
Realized and unrealized gains (losses)	19,276	57,674
Investment fees	(5,515)	(2,616)
	$ 41,817	$ 65,882

E. ENDOWMENT AND QUASI-ENDOWMENT

The Corporation has adopted investment and spending policies based on the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result of the Corporation's interpretation of UPMIFA, and in accordance with donor restrictions, contributions to this fund are classified as donations with donor restrictions - perpetual. The historic dollar value of those contributions must be maintained intact. Income from the fund is classified with Board designated quasi-endowment net assets until such time as the Board authorizes use of these funds to support operations or capital requirements.

These funds are held and invested in a pooled fund at Pikes Peak Community Foundation, an unrelated not-for-profit organization, pursuant to the Corporation's spending objectives of subjecting the fund to low investment risk and providing its operations with current income.

E. ENDOWMENT AND QUASI-ENDOWMENT - Continued

	Without Donor Restrictions Board Designated Quasi-Endowment	With Donor Restrictions Perpetually Restricted	Total
Endowment net assets, January 1, 2019	$ 219,209	$ 9,465	$ 228,674
Investment gain	30,779		30,779
Expenditures	(1,199)		(1,199)
Endowment net assets, September 30, 2019	248,789	9,465	258,254
Investment gain	21,212		21,212
Expenditures	(2,111)		(2,111)
Endowment net assets, September 30, 2020	$ 267,890	$ 9,465	$ 277,355

F. NET ASSETS WITHOUT DONOR RESTRICIONS - BOARD DESIGNATED

The Board of Directors of the Corporation has designated a portion of the net assets without donor restrictions for the following purposes:

	2020	2019
Long-term savings	$ 309,074	$ 288,341
Quasi-endowment	267,890	248,789
Property and equipment	180,244	206,486
	$ 757,208	$ 743,616

G. NET ASSETS WITH DONOR RESTRICTIONS

Net asset with donor restrictions are available for the following purposes:

	2020	2019
Solar Power	$ 26,602	$
Classics for Kids	2,111	4,831
PTFP equipment		114,551
Jazz equipment		9,500
	$ 28,713	$ 128,882

G. NET ASSETS WITH DONOR RESTRICTIONS - Continued

As mentioned in Note A, the Corporation acquired equipment through a grant from PTFP during the year ended December 31, 2010. The terms of this grant required the Corporation to provide matching funds. The Federal Government maintains a lien on this equipment for a period of ten years, which expired on September 30, 2020.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended September 30, 2020 and the nine-month period ended September 30, 2019, net assets with donor restrictions were released from restriction for the following programs:

	2020	2019
PTFP equipment	$ 114,551	$
Jazz equipment	9,500	
Classics for Kids	3,887	10,173
Solar Power	1,722	
Corporation for Public Broadcasting		110,719
ENT Center Series		30,901
Opera Theater Recital		2,000
	$ 129,660	$ 153,793

H. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL

At September 30, 2020 and 2019, net assets in the amount of $9,465 for both years are restricted in perpetuity as part of the endowment account. As discussed in Note E, earnings on these net assets are available to be used for general operations or capital improvements.

I. OPERATING LEASES

The Corporation leases the premises at the location of its transmitter equipment under a noncancelable operating lease that expired October 2018 and was renewed through October 2023. Rent expense on the lease amounted to $52,597 and $39,448 during the year ended September 30, 2020 and the nine-month period ended September 30, 2019, respectively.

The Corporation also entered into an operating lease for a tower site which commenced in May 2015 and was renewed through May 2025. Rent expense on the lease amounted to $4,154 and $2,700 during the year ended September 30, 2020 the nine-month period ended September 30, 2019, respectively.

I. OPERATING LEASES - Continued

The Corporation entered into a tower lease agreement under an operating lease which commenced October 2017 and continued through December 2019. At the end of the term, the lease continued on a month-to-month basis. Subsequent to year-end, a new lease was signed to commence January 2021 for a term of ten years. The lease will automatically renew for two ten-year terms and one nine-year term through December 2049. Rent expense on the lease amounted to $840 and $2,520 during the year ended September 30, 2020 and the nine-month period ended September 30, 2019, respectively.

The Corporation entered into a tower lease agreement under an operating lease which commenced December 2017. The initial term is five years. Rent expense on the lease amounted to $6,000 and $4,500 for the year ended September 30, 2020 and the nine-month period ended September 30, 2019, respectively.

The Corporation entered into an operating lease for a copier which commenced in August 2016 and was renewed through May 2023. Rent expense on the lease amounted to $2,460 and $2,803 for the year ended September 30, 2020 and the nine-month period ended September 30, 2019, respectively.

Future minimum lease payments under these agreements are:

2021	71,402
2022	72,746
2023	65,559
2024	9,210
2025	7,502

J. RETIREMENT PLAN

The Corporation has adopted a SIMPLE IRA retirement plan that covers all employees meeting specific age and length of service requirements. Employees may make elective contributions to the plan. The Corporation matches each employee's contribution up to 3% of their earnings.

For the year ended September 30, 2020 and the nine-month period ended September 30, 2019, employer contributions to the plan amounted to $3,614 and $5,277, respectively.

K. COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2017, the Corporation entered into a cancellable agreement to potentially provide classical programming to others through CRN in future years. This agreement was still in place during the year ended September 30, 2020.

L. REFUNDABLE ADVANCE

The Corporation obtained $135,315 of funding from the Small Business Administration (SBA) Paycheck Protection Program through Kirkpatrick Bank on April 16, 2020. A portion or all of the loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of not less than two years and an interest rate of 1.0%. Loan payments are deferred for ten months.

The Corporation submitted an application for loan forgiveness and SBA notified the Corporation of full forgiveness on December 14, 2020. Based upon subsequent loan forgiveness the funding is reported as a refundable advance.

M. UNCERTAINTIES

In March 2020, the outbreak of COVID-19 (coronavirus) was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the decline in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 outbreak will affect the operations, collections or financial results of the Corporation is uncertain.