CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Financial Statements

For the Years Ended December 31, 2018 and 2017

WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOU

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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 December 31, 2018 and 2017, 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 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.

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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 December 31, 2018 and 2017, 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.

Waugh & Goodwin, LLP
Colorado Springs, Colorado
May 2, 2019

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE
Consolidated Statements of Financial Position
December 31, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	$ 337,631	$ 454,696
Accounts and pledges receivable	42,997	8,985
Grants receivable	43,372	49,259
Prepaid expenses	19,528	9,597
Total current assets	443,528	522,537
PROPERTY AND EQUIPMENT:		
Equipment	696,762	666,650
Jazz equipment	25,239	17,427
Building and improvements	158,844	158,844
Land	51,600	51,600
Less accumulated depreciation	(702,785)	(649,190)
Property and equipment, net	229,660	245,331
LONG TERM INVESTMENTS	436,378	503,392
ENDOWMENT AND QUASI-ENDOWMENT	228,674	195,346
TOTAL ASSETS	$ 1,338,240	$ 1,466,606

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 35,028	$ 64,317
Deferred revenue	61,781	53,391
Total current liabilities	96,809	117,708
NET ASSETS:		
Without donor restrictions	284,781	345,824
Without donor restrictions - board designated	678,843	686,548
With donor restrictions	277,807	316,526
Total net assets	1,241,431	1,348,898
TOTAL LIABILITIES AND NET ASSETS	$ 1,338,240	$ 1,466,606

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	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	$ 589,850	$ 2,000	$ 591,850	$ 596,463	$ 200	$ 596,663
Program service revenue	233,855	6,240	240,095	213,277	97,220	310,497
Corporation for Public Broadcasting grant		111,238	111,238		97,530	97,530
Grants	37,000		37,000	87,875		87,875
Investment income (loss)	(21,081)		(21,081)	53,486		53,486
Program service revenue - in kind	28,401		28,401	50,350		50,350
CRN - service revenue				50,000		50,000
Critical karaoke	12,090		12,090	5,580		5,580
Miscellaneous income	2,724		2,724	3,543		3,543
Special events, net of expenses of $61,031 in 2017				2,407		2,407
Satisfied program restrictions	158,197	(158,197)		131,560	(131,560)	
Total support and revenue	1,041,036	(38,719)	1,002,317	1,194,541	63,390	1,257,931
EXPENSES:						
Program services:						
Broadcasting	452,924		452,924	506,847		506,847
Programming and production	255,988		255,988	191,374		191,374
Jazz	42,586		42,586	46,256		46,256
Total program services	751,498		751,498	744,477		744,477
Supporting services:						
Fundraising and membership development	185,069		185,069	155,646		155,646
General and administrative	173,217		173,217	144,891		144,891
Total supporting services	358,286		358,286	300,537		300,537
Total expenses	1,109,784		1,109,784	1,045,014		1,045,014
CHANGE IN NET ASSETS	(68,748)	(38,719)	(107,467)	149,527	63,390	212,917
NET ASSETS, beginning of year	1,032,372	316,526	1,348,898	882,845	253,136	1,135,981
NET ASSETS, end of year	$ 963,624	$ 277,807	$ 1,241,431	$ 1,032,372	$ 316,526	$ 1,348,898

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Broadcasting	Programming and Production	Jazz	Total Program Services	Fundraising and Membership Development	General and Administrative	Total
Bank charges & credit card fees	$	$ 1,594	$ 525	$ 2,119	$ 10,333	$ 120	$ 12,572
Corporation for Public Broadcasting	25,916	2,094		28,010		2,298	30,308
Critical karaoke distribution		10,230		10,230			10,230
Depreciation	3,543	50,052		53,595			53,595
Engineering	2,893	6,749		9,642			9,642
Facility maintenance	1,780	208		1,988	123	6,417	8,528
In-kind items from vendors			28,401	28,401			28,401
Insurance			69	69		13,653	13,722
Investment fees						5,279	5,279
Licenses & taxes						360	360
Memberships, dues, & subscriptions		3,487		3,487	1,789	1,774	7,050
Office expense	5,447	1,473	246	7,166	3,782	5,323	16,271
Other expenses		40,333	241	40,574	486	1,370	42,430
Printing and postage		1,287	360	1,647	20,704	253	22,604
Production	507	8,165		8,672			8,672
Professional fees	4,783			4,783		16,927	21,710
Promotional expense					10,998		10,998
Rent and occupancy	79,091			79,091			79,091
Salaries, payroll taxes & benefits	293,514	121,478	10,706	425,698	136,750	114,186	676,634
Transmitter		6,888		6,888			6,888
Utilities & telephone	21,451			21,451		5,141	26,592
Webstreaming	13,999	1,950	2,038	17,987	104	116	18,207
	$ 452,924	$ 255,988	$ 42,586	$ 751,498	$ 185,069	$ 173,217	$ 1,109,784
	40.81%	23.07%	3.84%	67.72%	16.68%	15.61%	100.00%

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2017

	Broadcasting	Programming and Production	Jazz	Total Program Services	Fundraising and Membership Development	General and Administrative	Total
Bad debt expense	$	$ 270	$	$ 270	$	$	$ 270
Bank charges & credit card fees		3,433	378	3,811	10,311	76	14,198
Corporation for Public Broadcasting	32,584	5,236	921	38,741	167		38,908
Contract labor	192	298	12,040	12,530	249	4,898	17,677
Critical karaoke distribution		5,580		5,580			5,580
Depreciation	50,004	2,500		52,504			52,504
Engineering	8,131			8,131			8,131
Facility maintenance	955		380	1,335		527	1,862
In-kind items from vendors		50,350		50,350			50,350
Insurance						13,385	13,385
Investment fees						4,102	4,102
Licenses & taxes	332	9,472	79	9,883		107	9,990
Memberships, dues, & subscriptions	1,416	1,041		2,457	1,649	951	5,057
Office expense	6,076	1,017	624	7,717	1,660	8,684	18,061
Other expenses	1,642	1,687	660	3,989	1,269	1,188	6,446
Printing and postage	152			152	10,300	196	10,648
Production	180	15,034		15,214			15,214
Professional fees	203	122	262	587		12,318	12,905
Promotional expense	162	2,032	510	2,704	29,065	6,957	38,726
Rent and occupancy	11,873			11,873			11,873
Salaries, payroll taxes & benefits	307,864	92,489	22,528	422,881	98,438	87,969	609,288
Training & continuing education					100		100
Translators			5,743	5,743			5,743
Transmitter	66,466	813		67,279			67,279
Utilities & telephone	10,950			10,950		3,413	14,363
Webstreaming	7,665		2,131	9,796	2,438	120	12,354
	$ 506,847	$ 191,374	$ 46,256	$ 744,477	$ 155,646	$ 144,891	$ 1,045,014
	48.50%	18.31%	4.43%	71.24%	14.89%	13.86%	100.00%

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (107,467)	$ 212,917
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	53,595	52,504
Contributions restricted for long-term purposes		(200)
Net unrealized (gains) losses on investments	38,677	(41,845)
Decrease (increase) in assets:		
Accounts and pledges receivable	(34,012)	725
Grants receivable	5,887	(17,037)
Prepaid expenses	(9,931)	1,439
Increase in liabilities:		
Accounts payable and accrued liabilities	(29,289)	28,795
Deferred revenue	8,390	21,827
Total adjustments	33,317	46,208
Net cash provided (used) by operating activities	(74,150)	259,125
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(37,924)	(24,875)
Increase in endowment and quasi-endowment	(53,641)	(3,955)
Change in long term investments, net	48,650	(71,627)
Net cash used by investing activities	(42,915)	(100,457)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes		200
Net cash provided by financing activities		200
NET INCREASE (DECREASE) IN CASH	(117,065)	158,868
CASH AND CASH EQUIVALENTS, beginning of year	454,696	295,828
CASH AND CASH EQUIVALENTS, end of year	$ 337,631	$ 454,696

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. We are 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 August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Corporation's financial statements:

- The temporarily restricted and permanently restricted net asset classes, if any existed, have been combined into a single net asset class called net assets with donor restrictions.

- The unrestricted net asset class has been renamed net assets without donor restrictions.

- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- The financial statements include a new disclosure about availability of resources and liquidity (Note B).

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 1,032,372	$
Temporarily restricted net assets	307,061	
Permanently restricted net assets	9,465	
Net assets without donor restrictions		1,032,372
Net assets with donor restrictions		316,526
Total net assets	$ 1,348,898	$ 1,348,898

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Contributions

Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions. Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor restrictions specify how the donated assets must be used. Restrictions met in the same period are reported as unrestricted support.

Accounts and Pledges Receivable

As of December 31, 2018 and 2017, the Corporation had net accounts and pledges receivable of $42,997 and $8,985, respectively. The pledges are scheduled to be received by the Corporation during the next year. At December 31, 2018 and 2017, 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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Federal Government retains a priority reversionary interest in the equipment. The amount of equipment purchased with these funds was $114,551.

Depreciation expense for the years ended December 31, 2018 and 2017, was $53,595 and $52,504, respectively.

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 December 31, 2018. 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

The Corporation recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. The Corporation received donated specialized services for electrical needs totaling $9,400 for the year ended December 31, 2018.

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 described above.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Barter Transactions

The Corporation records revenue and expense for barter transactions based on the estimated fair value of goods and services exchanged.

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.

The CSGs are reported in the accompanying financial statements as increases in temporarily restricted net assets until satisfaction of the time and purpose restrictions, after which they are reported as a release from temporarily restricted net assets and an increase in unrestricted net assets.

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.

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 December 31, 2018 and 2017, 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. There were assets with donor restrictions at both December 31, 2018 and 2017.

	2018	2017
Cash and cash equivalents	$ 337,631	$ 454,696
Accounts and pledges receivable	42,997	8,985
Grants receivable	43,372	49,259
	$ 424,000	$ 512,940

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 December 31, 2018, the following amounts were designated for specific purposes by the Board:

B. AVAILABLE RESOURCES AND LIQUIDITY

	2018	2017
Long-term savings	$ 273,165	$ 273,136
Property and equipment	206,486	202,374
Quasi-endowment	199,192	211,038
	$ 678,843	$ 686,548

The Corporations investment portfolio is held by Pikes Peak Community Foundation and are 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. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through May 2, 2019, the date that the financial statements were available to be issued.

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.

D. FAIR VALUE MEASUREMENTS - Continued

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 December 31, 2018 and 2017:

Assets at Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total
Money market funds	$ 183,360	$	$	$ 183,360
PPCF pooled funds		481,592		481,592
	$ 183,360	$ 481,592	$	$ 665,052

Assets at Fair Value as of December 31, 2017

	Level 1	Level 2	Level 3	Total
Money market funds	$ 205,099	$	$	$ 205,099
PPCF pooled funds		493,639		493,639
	$ 205,099	$ 493,639	$	$ 698,738

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 years ended December 31, 2018 and 2017, consist of the following:

	2018	2017
Interest and dividends	$ 17,596	$ 11,641
Realized and unrealized gains (losses)	(38,677)	41,845
	$ (21,081)	$ 53,486

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.

	Without Donor Restrictions Board Designated Quasi-Endowment	With Donor Restrictions Perpetually Restricted	Total
Endowment net assets, January 1, 2017	$ 186,081	$ 9,265	$ 195,346
Contributions		200	200
Investment gain	27,044		27,044
Expenditures	(2,087)		(2,087)
Endowment net assets, December 31, 2017	211,038	9,465	220,503
Investment loss	(9,546)		(9,546)
Expenditures	(2,300)		(2,300)
Endowment net assets, December 31, 2018	$ 199,192	$ 9,465	$ 208,657

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:

	2018	2017
Long-term savings	$ 273,165	$ 273,136
Property and equipment	206,486	202,374
Quasi-endowment	199,192	211,038
	$ 678,843	$ 686,548

G. NET ASSETS WITH DONOR RESTRICTIONS

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

	2018	2017
PTFP Equipment	$ 114,551	$ 114,551
Corporation for Public Broadcasting	110,719	97,011
ENT Center Series	30,901	83,025
Opera Theater Recital	2,000	
Classics for Kids	10,171	12,474
	$ 268,342	$ 307,061

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 will expire September 30, 2020.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2018 and 2017, net assets with donor restrictions were released from restriction for the following programs:

	2018	2017
Corporation for Public Broadcasting	$ 97,530	$ 116,209
ENT Center Series	52,124	4,475
Classic for Kids	8,543	10,603
Digitization		273
	$ 158,197	$ 131,560

H. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL

At December 31, 2018 and 2017, 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 $50,916 and $49,732 during the years ended December 31, 2018 and 2017, respectively.

I. OPERATING LEASES - Continued

The Corporation entered into an operating lease for a tower site under an operating lease which commenced in September 2007 and has an annual escalation clause under which the rent increases by 4% on the anniversary date of the lease. The Corporation has the option to renew this lease for two terms of five years each. Rent expense on the lease amounted to $6,978 during the year ended December 31, 2017. During the year ended December 31, 2017, the Corporation decided not to renew this lease.

The Corporation also entered into an operating lease for a tower site under an operating lease which commenced in May 2015 and expires May 2020. The Corporation has the option to renew this lease for an additional five years. Rent expense on the lease amounted to $3,600 during both years ended December 31, 2018 and 2017.

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 $1,000 for the years ended December 31, 2018 and 2017.

The Corporation entered into an operating lease for a copier which commenced in August 2016 and expires July 2020. Rent expense on the lease amounted to $2,803 and $2,631 during the years ended December 31, 2018 and 2017.

Future minimum lease payments under these leases are:

2019	$ 63,519
2020	60,868
2021	58,597
2022	58,097
2023	43,831

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 years ended December 31, 2018 and 2017, employer contributions to the plan amounted to $8,119 and $4,458 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 2018.