

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**FINANCIAL STATEMENTS**

**December 31, 2010**

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

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CERTIFIED PUBLIC ACCOUNTANTS

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The Board of Directors  
Roaring Fork Public Radio, Inc.  
Aspen, Colorado

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of Roaring Fork Public Radio, Inc. (DBA: Aspen Public Radio), as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roaring Fork Public Radio, Inc. (DBA: Aspen Public Radio) as of December 31, 2010 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Reese Henry & Company, Inc.*

Certified Public Accountants  
Aspen, Colorado  
May 24, 2011

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2010**

**ASSETS**

Cash and Cash Equivalents	\$ 253,514
Accounts Receivable	19,906
Employee Receivables	1,330
Investments	251,974
Investments - Other	73,589
Property & Equipment, net	137,562
Security Deposits	4,469
<b>TOTAL ASSETS</b>	<b><u>\$ 742,344</u></b>

**LIABILITIES & NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 34,959
Deferred Revenue	25,539
Note Payable	67,577
<b>TOTAL LIABILITIES</b>	<b><u>128,075</u></b>

**NET ASSETS**

Unrestricted, Undesignated	247,890
Unrestricted, Board Designated	117,277
Total Unrestricted	365,167
Temporarily Restricted	29,102
Permanently Restricted	220,000
<b>TOTAL NET ASSETS</b>	<b><u>614,269</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 742,344</u></b>

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

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 423,954	\$ 4,110	\$ -	\$ 428,064
Grants	313,637	-	-	313,637
Underwriting Revenue - Paid	177,917	-	-	177,917
Underwriting Revenue - Trade	74,333	-	-	74,333
Other Revenue	19,750	-	-	19,750
Investment Income - Operating Accounts	1,759	-	-	1,759
Investment Income - Endowment	6,566	-	-	6,566
Gain (Loss) on Disposition of Assets	(485)	-	-	(485)
Net Assets Released from Restrictions:				
Satisfaction of Equipment Acquisitions	44,173	(44,173)	-	-
Satisfaction of Program Restrictions	4,404	(4,404)	-	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b><u>1,066,008</u></b>	<b><u>(44,467)</u></b>	<b><u>-</u></b>	<b><u>1,021,541</u></b>
<b>EXPENSES</b>				
Program Services	724,993	-	-	724,993
General & Administrative	195,463	-	-	195,463
Fundraising	56,626	-	-	56,626
<b>TOTAL EXPENSES</b>	<b><u>977,082</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>977,082</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>88,926</b>	<b>(44,467)</b>	<b>-</b>	<b>44,459</b>
<b>NET ASSETS, January 1</b>	<b><u>276,241</u></b>	<b><u>73,569</u></b>	<b><u>220,000</u></b>	<b><u>569,810</u></b>
<b>NET ASSETS, December 31</b>	<b><u>\$ 365,167</u></b>	<b><u>\$ 29,102</u></b>	<b><u>\$ 220,000</u></b>	<b><u>\$ 614,269</u></b>

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

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 44,459
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	41,078
Loss on Disposed Assets	485
Unrealized (Gain) / Loss on Investments	(2,227)
Realized (Gain) / Loss on Investments	(343)
(Increase) Decrease in Accounts Receivable	(2,377)
(Increase) Decrease in Employee Receivables	1,034
(Increase) Decrease in Security Deposits	(1,983)
Increase (Decrease) in Accounts Payable	4,009
Increase (Decrease) in Deferred Revenue	16,011
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>100,146</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	(483,537)
Proceeds from the Sale of Investments	372,588
Purchase of Property & Equipment	(57,340)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b><u>(168,289)</u></b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of Note Payable	(6,871)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b><u>(6,871)</u></b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** **(75,014)**

**CASH AND CASH EQUIVALENTS, January 1** **328,528**

**CASH AND CASH EQUIVALENTS, December 31** **\$ 253,514**

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

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION AND PURPOSE**

Roaring Fork Public Radio, Inc. (the Station) was incorporated October 9, 1980 as a Colorado nonprofit corporation. The Station operates as Aspen Public Radio. The Station is organized to broadcast non-commercial, nonprofit radio, serving the communities of the Roaring Fork, Frying Pan, Colorado and Crystal River Valleys with predominantly cultural, educational and informational radio service.

**BASIS OF ACCOUNTING**

The financial statements of the Station have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

The Financial Accounting Standards Board (FASB) issued FASB ASC 105 *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification (FASB ASC) as the sole source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by FASB to be applied by nongovernmental entities.

**FINANCIAL STATEMENT PRESENTATION**

The Financial Statements are presented in accordance with FASC 958-205, *Presentation of Financial Statements for Not-for-Profit Organizations*. Under FASC 958-205, the Station is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Station and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by the Station. Generally, the donors of these assets permit the Station to use all or part of the income earned on any related investments for general or specific purposes.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include all cash held in deposits and temporary investments with an original maturity of three months or less.

#### ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Management has reviewed balances at December 31, 2010 and believes they are all collectible.

#### PLEDGES RECEIVABLE

Unconditional promises to give are recognized as revenues in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Conditional promises to give are recognized as revenues when the conditions on which they depend on are substantially met. At December 31, 2010, there are no pledges receivable.

#### INVESTMENTS

The Station carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

#### FAIR VALUE MEASUREMENTS

The Station is subject to the provisions of *Fair Value Measurements and Disclosures* Topic of FASB ASC. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

#### PROPERTY & EQUIPMENT

The Station capitalizes all additions to property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Such donated property is reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Station reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated over their estimated useful lives of 5 to 39 years primarily using the straight-line method.

The Station's lease specifies that the Landlord may require the Station to return the leased premises to the original condition prior to the commencement of this lease. Management does not believe the Landlord will require the Station to restore the premises to their original condition given the improvements made. Therefore, an asset retirement obligation has not been included in the financial

statements. In the unlikely case that the Station was required to remove the improvements, the estimated cost to restore would be immaterial.

#### DEFERRED REVENUE

Deferred revenue consists of the following: underwriting revenue received in advance of contractual dates totaling \$19,289 and ticket income for an early 2011 event totaling \$6,250.

#### ACCRUED VACATION

A liability for accrued vacation has not been included in these financial statements because the Station's policy does not permit vacation time to be carried forward beyond the end of the year.

#### CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### UNDERWRITING REVENUE

At December 31, 2010, \$74,333 of underwriting revenue was received as trade for services and is included in underwriting revenue on this financial statement. The amount included \$28,869 in advertising, \$20,904 in benefits, \$13,520 in maintenance, \$8,100 in professional fees and \$2,940 in meals and entertainment. Of these amounts, \$60,281 is included in program expenses, \$12,984 is included in general & administrative expenses and \$1,068 are included in fundraising expenses.

#### DONATED SERVICES

The Station receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, program activities and special events. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Station if not provided by donation. Services meeting the above criteria are recorded at their fair values in the period received. At December 31, 2010, no contributed services met these requirements.

#### INCOME TAX STATUS

The Station is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Contributions to the Station are tax deductible as permitted under the Code.

The Station has adopted FASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax

positions would be sustained. Based on that evaluation, the Station only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, the adoption of the rule did not have a material effect on the accompanying financial statements. Consequently, no liability is recognized in the accompanying statement of financial position for unrecognized income tax positions. Further, no interest or penalties related to income taxes have been accrued or charged to expense as of December 31, 2010 or for the year then ended.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of producing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### ADVERTISING

The organization expenses advertising costs as incurred. Total advertising expense for the year ended December 31, 2010 was \$32,003. \$28,869 of total advertising expenses was received in trade for underwriting revenue.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

#### SUBSEQUENT EVENTS

Subsequent events were evaluated through May 25, 2011, which is the date the financial statements were available to be issued.

## 2. INVESTMENTS

Investments are stated at fair value and consist exclusively of:

Money Funds	\$	79,055
Bond Funds		73,197
Equities		99,722
LLC Interest in Sunlight Peak, LLC		73,589
	\$	<u>325,563</u>

Investment income is summarized as follows:

Bank Interest	\$	1,759
Interest and Dividends		3,994
Net Realized Gain (Loss)		344
Net Unrealized Gain (Loss)		<u>2,228</u>
Total Return	\$	<u>8,325</u>

The Station’s endowment consists of funds established to provide the Station with a continual source of earnings. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Station has not adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Though they have not adopted this Act, the Board classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The expendable investment income from the corpus, which includes interest and dividends, realized and unrealized gains, net of administrative fees, is included in the unrestricted net assets. The Station is committed to preserving the corpus of the endowment funds.

The Station has a formal investment policy. Under this policy, management of the Endowment Fund is delegated to the Finance Committee. The Finance Committee has chosen one of its members as lead Manager to execute trades in conformance with the Policy, with the concurrence of the Treasurer.

The Station’s spending policy is to only spend earnings and not invade corpus.

Endowment net asset composition consists of donor-restricted endowment funds totaling \$220,000. There were no changes in the endowment net assets during the year ended December 31, 2010.

**3. FAIR VALUE MEASUREMENTS**

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The fair value option was chosen to measure all financial assets and liabilities in order to mitigate volatility in reported changes in net assets. The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Investments measured on a recurring basis and reported at fair value are classified and disclosed in one of the three fair value hierarchy categories.

The following table summarizes the valuation of the Station’s investments by the above fair value hierarchy levels as of December 31, 2010:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
Money Funds	\$ 79,055	\$ 79,055	\$ -
Bond Funds	73,197	73,197	-
Equities	99,722	99,722	-
LLC Interest in Sunlight Peak, LLC	73,589	-	73,589
	<u>\$ 325,563</u>	<u>\$ 251,974</u>	<u>\$ 73,589</u>

The Station’s investment in Sunlight Peak, LLC consists of \$73,589 in capital contributions. Sunlight Peak, LLC (“Sunlight”), is a Colorado non-profit limited liability company owned by three non-profit organizations to jointly share in the construction and maintenance costs of the Sunlight Peak transmitter tower. As of December 31, 2010 there were no changes in this investment measured at fair value for which the Station has used Level 3 inputs to determine fair value. Sunlight is a nonprofit 501(c)(3) organization with a fiscal year end of June 30. Sunlight filed Form 990-EZ for the fiscal year ended June 30, 2010, which shows total equity of \$352,618 and total assets of \$352,618 on the accrual basis of accounting.

#### **4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Building & Improvements	\$ 35,744
Radio Equipment	128,524
Computer Equipment	96,443
Planning Costs	10,623
	<u>271,334</u>
Less Accumulated Depreciation	<u>(133,772)</u>
Net Property & Equipment	<u>\$ 137,562</u>

#### **5. NOTE PAYABLE / REVENUE SHARING AGREEMENT MANAUS FUND**

Effective February 22, 2006 the Station entered into a program-related investment agreement with the Manaus Fund (“Manaus”). Under this agreement the Station added a full time, down-valley bilingual (English and Spanish) reporter to the news department in order to enhance in-depth on-air coverage of issues of interest to all residents of the Roaring Fork River, Crystal River, Colorado River and Eagle River Valleys. Manaus provided to the Station \$50,000 on the date of employment of the new reporter, \$40,000 on the first year anniversary, and \$30,000 on the second year anniversary date. The total amount of \$120,000 received from Manaus was treated by the Station as notes payable. \$25,000 was in the form of a loan evidenced by a promissory note due and payable no later than five years following the initial \$50,000 payment with 5% interest rate with interest payable annually. The remainder, \$95,000 was booked as a note payable without stated interest rate as there was an expectation on the part of Manaus to receive a return on their investment should this campaign result in an increase in down-valley contributions and underwriting income.

Both notes payable are serviced by a revenue sharing arrangement from a split of all new underwriting revenues and members obtained during the next ten years. The new revenue must originate from the

zip codes specified in the contract. Under the payment plan the payments will apply to the \$25,000 note payable with stated interest first. There is no cap on the amount of revenue sharing during the 10 year period.

Manaus sharing percentages of related new members and underwriting revenues was 45% for 2009 and is 20% for 2010 through 2015.

For the year ended December 31, 2010 the Station paid \$6,871 to Manaus for its share of newly generated revenues subject to this agreement. The \$25,000 interest bearing note was paid in full in 2007, therefore all payments made in 2010 were applied to the note payable without stated interest.

In addition to the payments above, the agreement allows for underwriting trade announcements provided to Manaus or on behalf of their fellow non-profits to be applied towards the note payable. For the year ended December 31, 2010, there was no trade revenue to apply toward the note.

The above payments resulted in an unpaid balance on the note payable of \$67,577 as of December 31, 2010.

#### **6. UNRESTRICTED BOARD DESIGNATED NET ASSETS**

Board designated funds are set aside to cover costs of future major maintenance. At December 31, 2010 the balance of board designated net assets is \$117,277. \$65,738 is restricted for capital purchases, \$35,093 is restricted for possible future operating shortages and \$16,446 is restricted for the Smuggler tower.

#### **7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Air Conditioning System	\$ 22,505
Broadcast Equipment	<u>6,597</u>
	<u>\$ 29,102</u>

#### **8. PERMANENTLY RESTRICTED NET ASSETS**

At December 31, 2010 permanently restricted net assets consists of \$220,000. The endowment fund was established in 2007 to provide the Station with a continual source of earnings. The principal is not expendable by the Station for general operating purposes. Income from the endowment fund investment is reported in the unrestricted fund and is available for the Station's operations.

#### **9. CONCENTRATION OF RISKS**

##### **CREDIT RISK**

The Station has amounts on deposit at financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in these accounts and believes there is no significant risk with respect to these deposits. On of July 21, 2010 the FDIC limit was permanently raised to \$250,000. At December 31, 2010 the Station had no uninsured balances.

## ECONOMIC DEPENDENCY

The Station operates from a single location and relies on its broadcasting assets to serve its coverage areas within the Roaring Fork, Colorado, Frying Pan, and Crystal River Valleys. The Station's broadcasting assets (including transmission towers) are located in various leased properties that may not be easily replaced or substituted with different properties. If the Station is required to change the locations of its broadcasting assets, it may need to settle with less than ideal locations or invest in additional broadcasting assets to maintain its coverage areas.

The Station receives a substantial amount of its support from the Corporation for Public Broadcasting (CPB) and contributors. If a significant reduction in this level of support were to occur, it may have an adverse effect on the Station's programs and activities. CPB funds are subject to certain use and reporting requirements. Should CPB determine funds were not spent properly; the Station may be required to return the funds. The Station believes all CPB funds have been spent in accordance with CPB's restrictions.

The Station also receives a significant amount of grant support from the City of Aspen through the general grant application process with the City of Aspen. If a significant reduction in this level of support were to occur, it may have an adverse effect on the Station's programs and activities.

The Station receives a significant amount of services from National Public Radio (NPR). The Station's programming would be negatively affected if it no longer had access to NPR programming.

## 10. OPERATING LEASES

The Station leases office space from the City of Aspen under a two year lease that expires September 30, 2011. Monthly payments were \$2,236 from January 1 through March 30. The lease was amended to include additional space as of April 1, 2010 and the monthly lease expense increased to \$3,407. On October 1, 2011 the monthly rent was increased to \$3,449. Rent expense for the year ended December 31, 2010 on this lease was \$38,040. A security deposit of \$3,699 is included in these financial statements.

The Station has a lease for a radio transmitter site on Smuggler Mountain in Aspen. That lease expires on February 28, 2020. The Station has an option to extend the lease for an additional 15 years after the current extension expires. The lease allows the Station to sublease space on its transmitter tower and in the equipment building. The lease calls for a rent of one dollar per year. If the Station subleases space at the site, the lessor is to receive 30% of the sublease revenue until all costs for the transmitter tower, building, and equipment have been paid in full. After these costs have been paid in full the lessor is to receive 50% of the sublease revenue. The property changed hands in 2006. The new owner has not contacted the Station and, in particular, has not given the Station instructions for payment of rent. On June 1, 2009 the Station entered into a sublease agreement with Rocky Mountain Broadband, LLC for \$1,100 per month until May 31, 2010 and for \$1,200 per month until the lease ends on May 31, 2014. The agreement provides for an extension for an additional 5 years. The Station established a reserve fund against the possibility that the owner may contact the Station and demand rent and accrues rent liability. These financial statements include \$13,500 of sublease income and \$6,600 additional rent expense paid related to the sublease income. At December 31, 2010 a \$20,910 lease

liability is included in the Station's financial statements. The Station has set aside a cash balance of \$16,446 to pay this liability.

The Station entered a land lease agreement with POW, Inc. for access to the radio booster antenna and associated equipment located on Iron Mountain near Glenwood Springs through May 31, 2015. The lease includes an option to renew for an additional ten years. The lessor has the option to receive 50% of the lease payments in trade radio spots. There is a cancellation fee of \$3,000 on the lease. For the fiscal year ending December 31, 2010 the lease expense was \$3,015.

Future minimum payments under all lease agreements follow:

December 31,	<u>Expense</u>	<u>Revenue</u>
2011	\$ 34,581	\$ 14,400
2012	3,540	14,400
2013	3,540	14,400
2014	3,540	6,000
Future years	<u>1,475</u>	-
Total	<u>\$ 46,676</u>	<u>\$ 49,200</u>

Total expense under these leases was \$41,055 for the year ended December 31, 2010.

#### **11. RETIREMENT PLAN**

The Station offers to its staff the option to participate in a retirement plan pursuant to section 403(b) of the Internal Revenue Code. Staff contributions are voluntary and are made on a pre-tax basis. The Station has no obligation to make employer contributions. The Station does voluntarily make contributions based on their employee manual in accordance with its policy. This is a matching program that starts during the second year of continual employment as a match to the employees' voluntary contribution. The matching contribution by the Station is based on the length of employment and will at no time exceed 6% of the employee's salary. For the year ended December 31, 2010, the Station's contributions totaled \$14,938.