

May 2, 2019

Board of Directors
Cheyenne Mountain Public Broadcast House, Inc.
Colorado Springs, Colorado

We have audited the financial statements of Cheyenne Mountain Public Broadcast House, Inc. (the Corporation) for the year ended December 31, 2018, and have issued our report thereon dated May 2, 2019. As a part of our audit, we made a study and evaluation of the Corporation's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purpose of such evaluations is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist us in planning and performing our examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our audit, including the study and evaluation of the Corporation's system of internal accounting control that was made for the purposes set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. Such study and evaluation disclosed no conditions that we believe to be material weaknesses. However, we present for your consideration the following comments and suggestions relating to internal controls, accounting procedures and financial matters:

Liquidity Policy

With the adoption of ASU 2016-14, it is recommended that a specific policy be adopted through Board resolution in relation to the current information presented in the financial statements.

Accounts Receivable Aging Schedule

During our testing of accounts receivable, it was noted that there were a significant number of items in the aging schedule that were from as far back as 2004. It is recommended that this schedule be reviewed and the outstanding items that should not be included in the schedule be removed.

Revenue Recognition Accounting Standards Update 2014-09

During our audit procedures, we noted that an update to generally accepted accounting principles may impact the Corporation's revenue recognition in the future. In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). This new revenue recognition standard affects all entities, including public, private, and not-for-profit entities, that have contracts with customers.

This new revenue recognition standard effectively eliminates the transaction-specific and industry-specific revenue recognition guidance and replaces it with a principles-based approach for determining an entity's revenue recognition policies. The core principle of the new revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This new revenue

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recognition standard is effective for non-public entities' annual reporting periods beginning after December 15, 2018. We recommend that Management monitors its revenue sources for instances where this ASU may impact revenue recognition in the future.

Revenue Recognition Accounting Standards Update 2018-08

During our audit procedures, we noted that an update to generally accepted accounting principles may impact the Corporation's revenue recognition in the future. In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This new standard applies to resource providers and resource recipients.

This new guidance includes decision trees to assist in evaluating a transaction to determine whether the transaction is reciprocal, an exchange, or a nonreciprocal contribution. The first decision for both parties to consider is whether each party directly receives commensurate value. If the transaction is reciprocal, the recipient will follow ASU 2014-09 and the contributor will follow the guidance in ASC 958-720, Not-for-Profit Entities, Other Expenses. If the transaction is nonreciprocal, the recipient would apply contribution guidance. We recommend that management monitors its revenue sources for instances where this ASU may impact revenue recognition in the future.

For non-public entities who are resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. For non-public entities who are resource providers, this standard is effective for annual reporting periods beginning after December 15, 2019. Management monitors its revenue sources for instances where this ASU may impact revenue recognition in the future.

Lease Accounting Standards Update 2016-02

During our audit procedures, we noted that an update to generally accepted accounting principles may impact the Corporation's lease accounting in the future. In February 2016, FASB issued ASU 2016-02 - Leases, which created a new topic section of the Accounting Standards Codification (ASC), ASC 842. The update to accounting standards requires one primary change to the reporting

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of leases: all leases must be presented on the Statement of Financial Position as assets and liabilities of the Corporation.

For nonpublic entities, the update is effective for fiscal years beginning after December 15, 2019. However, ASU 2016-02 requires a modified retrospective implementation approach as of the first day of the earliest comparative period presented. We recommend that Management consider the impact of this standard for information needed for financial statements with comparative information covering December 31, 2019, which is the year prior to implementation.

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The preceding comments are based on observations made incident to our normal auditing procedures. Because our comments are not based on a special study of the matters covered, further evaluation of our suggestions may be necessary on your part as a basis for implementation.

If you have any questions regarding any of the above comments, please contact us. We will be pleased to assist you in any way with respect to these or other matters.

Sincerely,

Waugh & Goodwin, LLP