

**KKWE NIIJII RADIO**

(A Department of the White Earth Land Recovery Project)

Financial Statements and  
Independent Auditor's Report

December 31, 2015

**KKWE NIIJII RADIO**

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## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
KKWE Nijjii Radio  
Callaway, MN

### **Report on the Financial Statements**

We have audited the accompanying financial statements of KKWE Nijjii Radio (the Station), a department of the White Earth Land Recovery Project, which comprise the statements of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for 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 KKWE Nijii Radio, a department of the White Earth Land Recovery Project, as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### **Report on Summarized Comparative Information**

We have previously audited KKWE Nijii Radio's financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated April 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Donham & Associates, Certified Public Accountants, LLC  
Albuquerque, NM  
April 21, 2016



**KKWE NIIJII RADIO**  
(A Department of the White Earth Land Recovery Project)  
Statements of Financial Position  
December 31, 2015

	<b>2015</b>	<b>2014</b>
<b><u>Assets</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 120,247	\$ 6,221
Accounts Receivable	12,554	12,570
Prepaid Items	13,537	-
Inventories	754	1,214
Total Current Assets	147,091	20,005
Property and Equipment, net	521,050	531,299
Total Assets	\$ 668,141	\$ 551,304
<b><u>Liabilities</u></b>		
Current Liabilities		
Accounts Payable	\$ 2,149	\$ 12,354
Accrued Wages and Benefits	6,390	4,347
Total Liabilities	8,539	16,701
<b><u>Net Assets</u></b>		
Unrestricted	659,602	534,602
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	659,602	534,602
Total Liabilities and Net Assets	\$ 668,141	\$ 551,304

See accompanying notes to financial statements.

**KKWE NIIJII RADIO**  
(A Department of the White Earth Land Recovery Project)  
Statements of Activities  
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Revenues and Other Support		
CPB Grants	\$ 263,882	\$ 159,889
State Grants	248,073	118,811
Underwriting Contributions	30,010	38,878
Donations and Contributions	1,186	7,402
Other Income	334	255
Total Revenues and Other Support	<u>543,484</u>	<u>325,236</u>
Operating Expenses		
Salaries and Fringe Benefits	136,282	124,169
Professional Fees	106,894	73,358
Equipment Rental and Maintenance	43,350	40,366
Licenses, Fees and Permits	5,494	9,103
Supplies and Equipment	15,084	9,727
Telecommunications	8,079	9,259
Travel and Training	37,698	17,394
Fundraising	21,107	9,064
Rent and Utilities	43,529	43,785
Other Expenses	15,324	1,477
Depreciation	32,274	31,600
Insurance	2,235	4,620
Total Expenses	<u>467,351</u>	<u>373,920</u>
Increase (Decrease) in Unrestricted Net Assets	76,134	(48,684)
Increase (Decrease) in Temporarily Restricted Net Assets	-	-
Increase (Decrease) in Permanently Restricted Net Assets	-	-
Increase (Decrease) in Net Assets	<u>76,134</u>	<u>(48,684)</u>
Net Assets, Beginning of Year	534,602	583,287
Prior Period Adjustment	48,866	-
Net Assets, Beginning of Year, Restated	<u>583,469</u>	<u>583,287</u>
Net Assets, End of Year	<u>\$ 659,602</u>	<u>\$ 534,602</u>

See accompanying notes to financial statements.

**KKWE NIIJII RADIO**  
(A Department of the White Earth Land Recovery Project)  
Statements of Cash Flows  
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 76,134	\$ (48,684)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used) by Operating Activities:		
Depreciation	32,274	31,600
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	17	(7,614)
(Increase) Decrease in Prepaid Items	(13,537)	-
(Increase) Decrease in Inventory	460	(1,214)
Increase (Decrease) in Accounts Payable	(10,205)	12
Increase (Decrease) in Payroll Liabilities	2,042	(3,040)
Increase (Decrease) in Due to Honor the Earth	-	(10,000)
Increase (Decrease) in Prior Period Adjustment	48,866	-
Net Cash Provided (Used) by Operating Activities	<u>136,052</u>	<u>(38,940)</u>
 <u>Cash Flows from Investing Activities:</u>		
Purchases of Equipment	<u>(22,026)</u>	<u>(3,670)</u>
Net Cash Provided (Used) by Investing Activities	<u>(22,026)</u>	<u>(3,670)</u>
 Net Increase (Decrease) In Cash	114,026	(42,610)
 Cash, Beginning of Year	<u>6,221</u>	<u>48,831</u>
 Cash, End of Year	<u><u>\$ 120,247</u></u>	<u><u>\$ 6,221</u></u>

See accompanying notes to financial statements.



**KKWE NIIJII RADIO**  
(A Department of the White Earth Land Recovery Project)  
Notes to Financial Statements  
December 31, 2015

**Note 1 – Summary of Significant Accounting Policies**

Organization

KKWE Nijii Radio (the Station) is owned and operated by the White Earth Land Recovery Project, a Minnesota non-profit corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Station's primary purpose is to provide public broadcasting to the people of the White Earth Reservation and surrounding communities. The Station is located in Callaway, Minnesota and operates on FM 89.9.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than received, and expenses are recognized when the related liability is incurred rather than when paid.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 958-205, Not-for-Profit Entities — Presentation of Financial Statements. Under this section, the Station is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- *Unrestricted net assets* represent that portion of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- *Temporarily restricted net assets* represent assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of the Station. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. The Station had no temporarily restricted net assets at December 31, 2015 or 2014.
- *Permanently restricted net assets* represent the part of net assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Station. The Station had no permanently restricted net assets at December 31, 2015 or 2014.

Contributions Received

Contributions received are recognized as revenues or gains in the period pledged or received and as assets or decreases of liabilities, depending on the form of the benefits received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets, if the restrictions expire in the reporting period in which revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the

**KKWE NIIJII RADIO**  
(A Department of the White Earth Land Recovery Project)  
Notes to Financial Statements  
December 31, 2015

**Note 1 – Summary of Significant Accounting Policies – continued**

statement of activities as net assets released from restrictions. Contributions of significant long-lived assets and significant gifts to acquire long-lived assets are reported as temporarily restricted assets and an implied time restriction is imposed on those assets that expire over the useful life of the asset, provided that the donated assets were received without stipulation as to how long they must be used. Other contributions of long-lived assets and gifts to acquire long-lived assets are reported as unrestricted assets in the period received.

Contributions Receivable

Unconditional promises to give (contributions receivable) are recognized as revenues or gains in the period the pledge is received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when collected or when the conditions on which they depend are substantially met.

Use of Estimates

Financial statement preparation 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 and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Station considers all highly liquid investments with an original maturity of three months or less as cash equivalents. All of the Station's cash and cash equivalents is cash in bank at December 31, 2015 and 2014.

Property and Equipment

Property and equipment acquisitions in excess of \$1,000 and all expenditures for renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization is computed using the straight-line method over the asset's estimated useful lives ranging from 3 to 30 years.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public broadcasting entities. CSG's are used to augment the financial resources of public broadcasting entities which enables the entities 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, unrestricted funds may be used at the discretion of recipients for

**KKWE NIIJII RADIO**  
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Notes to Financial Statements  
December 31, 2015

**Note 1 – Summary of Significant Accounting Policies – continued**

purposes relating primarily to local production and acquisition of programming. In addition, the grants may be used to sustain activities begun with CSG’s awarded in prior years. Certain general provisions must be satisfied in connection with 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.

Subsequent Events

Subsequent events were evaluated through April 21, 2016, the date which the financial statements were available to be issued, and no subsequent events material to the financial statements were noted.

**Note 2 – Property and Equipment**

Property and equipment consist of the following at December, 31:

	2015	2014
Buildings and Improvements	\$ 159,015	\$ 159,015
Furniture and Equipment	480,634	464,626
Total Depreciable Property and Equipment	639,649	623,641
Less Accumulated Depreciation and Amortization	(118,599)	(92,342)
Total Property and Equipment	\$ 521,050	\$ 531,299

**Note 3 – Community Service Grant**

The Station was awarded a community service grant in the amount of \$139,853 for the 2015 federal fiscal year with an expenditure period of October 1, 2014 through September 30, 2016. The restricted portion, which must be used for the acquisition, promotion and distribution of national programming, was \$27,509. Also included in the total grant amount was a rural support grant in the amount of \$35,535.

The Station also received a community service grant in the amount of \$160,365 for the 2014 federal fiscal year with an expenditure period of October 1, 2013 through September 30, 2015. The restricted portion was \$32,137 and the rural support grant amount was \$36,858. All of the 2014 awarded funds were expended by September 30, 2015.

## **SUPPLEMENTAL INFORMATION**

**KKWE NIIJII RADIO**  
(A Department of the White Earth Land Recovery Project)  
Schedules of Functional Expenses  
Year Ended December 31, 2015

	2015 Program Services			2015 Supporting Services			
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total Program Services	Management & General	Fundraising	Total
Salaries and Fringe Benefits	\$ 33,043	\$ 38,719	\$ 2,936	\$ 74,698	\$ 61,584	\$ -	\$ 136,282
Professional Fees	49,292	47,203	-	96,494	10,400	-	106,894
Equipment Rental & Maintenance	19,953	21,957	-	41,910	1,440	-	43,350
Licenses, Fees & Permits	-	5,462	-	5,462	32	-	5,494
Supplies and Equipment	3,696	7,417	694	11,807	3,277	-	15,084
Telecommunications	1,616	1,616	2,424	5,656	2,424	-	8,079
Travel and Training	4,717	-	13,676	18,393	19,305	-	37,698
Fundraising	-	-	-	-	-	21,107	21,107
Rent and Utilities	9,576	26,117	-	35,693	7,836	-	43,529
Other Expenses	-	-	14,481	14,481	843	-	15,324
Depreciation	8,391	18,074	-	26,465	5,809	-	32,274
Insurance	-	-	-	-	2,235	-	2,235
<b>Total</b>	<b>\$ 130,284</b>	<b>\$ 166,565</b>	<b>\$ 34,211</b>	<b>\$ 331,060</b>	<b>\$ 115,184</b>	<b>\$ 21,107</b>	<b>\$ 467,351</b>

	2014 Program Services			2014 Supporting Services			
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total Program Services	Management & General	Fundraising	Total
Salaries and Fringe Benefits	\$ 30,106	\$ 35,278	\$ 2,675	\$ 68,058	\$ 56,110	\$ -	\$ 124,169
Professional Fees	37,473	25,157	-	62,631	10,728	-	73,358
Equipment Rental & Maintenance	19,218	21,148	-	40,366	-	-	40,366
Licenses, Fees & Permits	-	9,071	-	9,071	32	-	9,103
Supplies and Equipment	2,383	4,782	447	7,613	2,113	-	9,727
Telecommunications	1,852	1,852	2,777	6,481	2,777	-	9,259
Travel and Training	2,176	-	6,310	8,487	8,907	-	17,394
Fundraising	-	-	-	-	-	9,064	9,064
Rent and Utilities	9,632	26,271	-	35,903	7,882	-	43,785
Other Expenses	-	-	1,167	1,167	310	-	1,477
Depreciation	8,216	17,696	-	25,912	5,688	-	31,600
Insurance	-	-	-	-	4,620	-	4,620
<b>Total</b>	<b>\$ 111,057</b>	<b>\$ 141,255</b>	<b>\$ 13,377</b>	<b>\$ 265,689</b>	<b>\$ 99,167</b>	<b>\$ 9,064</b>	<b>\$ 373,920</b>