

KKWE NIIJII RADIO

(A Department of the White Earth Land Recovery Project)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

KKWE NIIJII RADIO

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
KKWE Nijjii Radio
Callaway, MN

Opinions

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of December 31, 2022 and 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Donham & Associates

Donham & Associates, Certified Public Accountants, LLC
Albuquerque, NM
May 11, 2023



KKWE NIIJII RADIO
(A Department of the White Earth Land Recovery Project)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
<u>Assets</u>		
Current Assets		
Cash and Cash Equivalents	\$ 139,618	\$ 50,593
Accounts Receivable	500	81,194
Prepaid Items	-	5,940
Inventories	-	754
Grant Receivable	-	40,803
Total Current Assets	140,118	179,284
Property and Equipment, net	289,289	314,443
Total Assets	\$ 429,407	\$ 493,727
 <u>Liabilities</u>		
Current Liabilities		
Accounts Payable	\$ 10,857	\$ 3,850
Accrued Wages and Benefits	2,103	30,078
Due to Other Funds	119,499	159,068
Total Liabilities	132,459	192,996
 <u>Net Assets</u>		
Unrestricted	296,948	300,731
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	296,948	300,731
Total Liabilities and Net Assets	\$ 429,407	\$ 493,727

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, 2022

	<u>2022</u>	<u>2021</u>
Revenues and Other Support		
CPB Grants	\$ 177,642	\$ 389,592
State Grants	137,968	-
Underwriting Contributions	40,518	108,818
Donations and Contributions	349	153
Investment Income	307	242
Other Income	2,673	40
Total Revenues and Other Support	<u>359,457</u>	<u>498,845</u>
Operating Expenses		
Salaries and Fringe Benefits	156,816	157,619
Professional Fees	28,866	56,687
Equipment Rental and Maintenance	72,061	125,464
Licenses, Fees and Permits	22,354	18,611
Supplies and Equipment	19,427	30,686
Telecommunications	3,763	3,838
Travel and Training	18,445	7,127
Auto Expense	5,665	1,167
Advertising	1,448	723
Other Expenses	9,240	12,641
Depreciation	25,155	27,014
Insurance	-	1,876
Total Expenses	<u>363,240</u>	<u>443,453</u>
Increase (Decrease) in Unrestricted Net Assets	(3,783)	55,392
Gain (Loss) on Disposal of Fixed Assets	-	-
Increase (Decrease) in Net Assets	(3,783)	55,392
Net Assets, Beginning of Year	300,731	245,339
Prior Period Adjustment	-	-
Net Assets, Beginning of Year, Restated	<u>300,731</u>	<u>245,339</u>
Net Assets, End of Year	<u>\$ 296,948</u>	<u>\$ 300,731</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, 2022

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (3,783)	\$ 55,392
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used) by Operating Activities:		
Depreciation	25,155	27,014
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	80,694	(22,881)
(Increase) Decrease in Prepaid Items	5,940	-
(Increase) Decrease in Inventory	754	-
(Increase) Decrease in Grant Receivable	40,803	(40,803)
Increase (Decrease) in Accounts Payable	7,007	(6,227)
Increase (Decrease) in Payroll Liabilities	(27,975)	13,748
Increase (Decrease) in Due to Honor the Earth	<u>(39,570)</u>	<u>(20,703)</u>
Increase (Decrease) in Prior Period Adjustment		
Net Cash Provided (Used) by Operating Activities	<u>89,025</u>	<u>5,540</u>
 <u>Cash Flows from Investing Activities:</u>		
Purchases of Equipment	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>
 Net Increase (Decrease) In Cash	89,025	5,540
 Cash, Beginning of Year	<u>50,593</u>	<u>45,053</u>
 Cash, End of Year	<u>\$ 139,618</u>	<u>\$ 50,593</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, 2022

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 the 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, 2022 or 2021.
- *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, 2022 or 2021.

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, 2022

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, 2022 and 2021.

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 are 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, 2022

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 May 11, 2023, 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:

	2022	2021
Buildings and Improvements	\$ 159,015	\$ 159,015
Furniture and Equipment	461,180	461,180
Total Depreciable Property and Equipment	620,195	620,195
Less Accumulated Depreciation and Amortization	(330,906)	(305,752)
Total Property and Equipment	\$ 289,289	\$ 314,443

SUPPLEMENTAL INFORMATION

KKWE NIIJII RADIO
(A Department of the White Earth Land Recovery Project)
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	2022 Program Services				2022 Supporting Services		
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total Program Services	Management & General	Fundraising	Total
Salaries and Fringe Benefits	\$ 38,021	\$ 44,553	\$ 3,378	\$ 85,952	\$ 70,864	\$ -	\$ 156,816
Professional Fees	13,311	12,747	-	26,058	2,808	-	28,866
Equipment Rental & Maintenance	33,167	36,498	-	69,665	2,396	-	72,061
Licenses, Fees & Permits	-	22,225	-	22,225	129	-	22,354
Supplies and Equipment	4,760	9,554	891	15,205	4,222	-	19,427
Telecommunications	753	753	1,129	2,634	1,129	-	3,763
Travel and Training	2,308	-	6,691	8,999	9,446	-	18,445
Auto Expense	-	-	-	-	5,665	-	5,665
Advertising	-	-	-	-	1,448	-	1,448
Other Expenses	-	-	8,731	8,731	509	-	9,240
Depreciation	6,540	14,087	-	20,627	4,528	-	25,155
Total	\$ 98,859	\$ 140,417	\$ 20,820	\$ 260,096	\$ 103,144	\$ -	\$ 363,240

	2021 Program Services				2021 Supporting Services		
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total Program Services	Management & General	Fundraising	Total
Salaries and Fringe Benefits	\$ 38,216	\$ 44,781	\$ 3,395	\$ 86,392	\$ 71,227	\$ -	\$ 157,619
Professional Fees	26,140	25,032	-	51,172	5,515	-	56,687
Equipment Rental & Maintenance	57,746	63,546	-	121,293	4,171	-	125,464
Licenses, Fees & Permits	-	18,503	-	18,503	108	-	18,611
Supplies and Equipment	7,518	15,092	1,408	24,017	6,669	-	30,686
Telecommunications	768	768	1,151	2,687	1,151	-	3,838
Travel and Training	892	-	2,585	3,477	3,650	-	7,127
Auto Expense	-	-	-	-	1,167	-	1,167
Advertising	-	-	-	-	723	-	723
Other Expenses	-	-	11,944	11,944	697	-	12,641
Depreciation	7,024	15,128	-	22,152	4,862	-	27,014
Insurance	-	-	-	-	1,876	-	1,876
Total	\$ 138,303	\$ 182,850	\$ 20,484	\$ 341,637	\$ 101,816	\$ -	\$ 443,453