

KKWE NIIJII RADIO
(A Department of the White Earth Land Recovery Project)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2020

KKWE NIIJII RADIO

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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, 2020, 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 Nijjii Radio, a department of the White Earth Land Recovery Project, as of December 31, 2020, 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 Nijjii Radio's financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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

Donham & Associates, Certified Public Accountants, LLC
Albuquerque, NM
May 18, 2021



KKWE NIIJII RADIO
(A Department of the White Earth Land Recovery Project)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020

	2020	2019
<u>Assets</u>		
Current Assets		
Cash and Cash Equivalents	\$ 45,053	\$ 14,709
Accounts Receivable	58,313	49,731
Prepaid Items	5,940	2,269
Inventories	754	754
Total Current Assets	110,060	67,463
Property and Equipment, net	341,457	368,143
Total Assets	\$ 451,517	\$ 435,606
 <u>Liabilities</u>		
Current Liabilities		
Accounts Payable	\$ 10,077	\$ 3,492
Accrued Wages and Benefits	16,330	7,362
Due to Other Funds	179,771	169,721
Total Liabilities	206,178	180,575
 <u>Net Assets</u>		
Unrestricted	245,339	255,031
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	245,339	255,031
Total Liabilities and Net Assets	\$ 451,517	\$ 435,606

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, 2020

	<u>2020</u>	<u>2019</u>
Revenues and Other Support		
CPB Grants	\$ 259,673	\$ 150,847
State Grants	29,941	82,944
Underwriting Contributions	57,063	26,976
Donations and Contributions	784	713
Investment Income	174	55
Other Income	4,065	2,316
Total Revenues and Other Support	<u>351,700</u>	<u>263,851</u>
Operating Expenses		
Salaries and Fringe Benefits	138,895	117,759
Professional Fees	66,820	78,631
Equipment Rental and Maintenance	44,549	17,917
Licenses, Fees and Permits	18,417	20,092
Supplies and Equipment	16,548	7,101
Telecommunications	3,701	3,313
Travel and Training	7,564	18,842
Fundraising	-	5,709
Rent and Utilities	28,563	34,000
Auto Expense	1,344	2,198
Advertising	241	12
Costs of Goods Sold	-	4,377
Other Expenses	7,706	1,370
Depreciation	27,044	32,703
Insurance	-	1,228
Total Expenses	<u>361,392</u>	<u>345,252</u>
Increase (Decrease) in Unrestricted Net Assets	(9,692)	(81,401)
Gain (Loss) on Disposal of Fixed Assets	-	-
Increase (Decrease) in Net Assets	(9,692)	(81,401)
Net Assets, Beginning of Year	255,031	353,377
Prior Period Adjustment	-	(16,945)
Net Assets, Beginning of Year, Restated	<u>255,031</u>	<u>336,432</u>
Net Assets, End of Year	<u>\$ 245,339</u>	<u>\$ 255,031</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, 2020

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (9,692)	\$ (81,401)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used) by Operating Activities:		
Depreciation	27,044	32,703
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(8,582)	(4,897)
(Increase) Decrease in Prepaid Items	(3,671)	7,351
Increase (Decrease) in Accounts Payable	6,585	2,192
Increase (Decrease) in Payroll Liabilities	8,968	686
Increase (Decrease) in Due to Honor the Earth	10,050	74,768
Increase (Decrease) in Prior Period Adjustment	-	(16,945)
Net Cash Provided (Used) by Operating Activities	<u>30,702</u>	<u>14,457</u>
<u>Cash Flows from Investing Activities:</u>		
Purchases of Equipment	(358)	(413)
Net Cash Provided (Used) by Investing Activities	<u>(358)</u>	<u>(413)</u>
Net Increase (Decrease) In Cash	30,344	14,044
Cash, Beginning of Year	<u>14,709</u>	<u>665</u>
Cash, End of Year	<u>\$ 45,053</u>	<u>\$ 14,709</u>

See accompanying notes to financial statements.

KKWE NIIJII RADIO
(A Department of the White Earth Land Recovery Project)
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	2020 Program Services				2020 Supporting Services		
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total Program Services	Management & General	Fundraising	Total
Salaries and Fringe Benefits	\$ 33,676	\$ 39,462	\$ 2,992	\$ 76,130	\$ 62,765	\$ -	\$ 138,895
Professional Fees	30,813	29,506	-	60,319	6,501	-	66,820
Equipment Rental & Maintenance	20,504	22,564	-	43,068	1,481	-	44,549
Licenses, Fees & Permits	-	18,311	-	18,311	106	-	18,417
Supplies and Equipment	4,054	8,138	759	12,952	3,596	-	16,548
Telecommunications	740	740	1,110	2,591	1,110	-	3,701
Travel and Training	946	-	2,744	3,690	3,874	-	7,564
Rent and Utilities	6,284	17,138	-	23,421	5,142	-	28,563
Auto Expense	-	-	-	-	1,344	-	1,344
Advertising	-	-	-	-	241	-	241
Other Expenses	-	-	7,281	7,281	425	-	7,706
Depreciation	7,031	15,145	-	22,176	4,868	-	27,044
Insurance	-	-	-	-	-	-	-
Total	\$ 104,049	\$ 151,003	\$ 14,887	\$ 269,939	\$ 91,453	\$ -	\$ 361,392

	2019 Program Services				2019 Supporting Services		
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total Program Services	Management & General	Fundraising	Total
Salaries and Fringe Benefits	\$ 28,551	\$ 33,457	\$ 2,537	\$ 64,545	\$ 53,214	\$ -	\$ 117,759
Professional Fees	36,259	34,722	-	70,981	7,650	-	78,631
Equipment Rental & Maintenance	8,247	9,075	-	17,321	596	-	17,917
Licenses, Fees & Permits	-	19,976	-	19,976	116	-	20,092
Supplies and Equipment	1,740	3,492	326	5,558	1,543	-	7,101
Telecommunications	663	663	994	2,319	994	-	3,313
Travel and Training	2,357	-	6,835	9,193	9,649	-	18,842
Fundraising	-	-	-	-	-	5,709	5,709
Rent and Utilities	7,480	20,400	-	27,880	6,120	-	34,000
Auto Expense	-	-	-	-	2,198	-	2,198
Advertising	-	-	-	-	12	-	12
Costs of Goods Sold	-	-	-	-	4,377	-	4,377
Other Expenses	-	-	1,295	1,295	75	-	1,370
Depreciation	8,503	18,314	-	26,817	5,886	-	32,703
Insurance	-	-	-	-	1,228	-	1,228
Total	\$ 93,799	\$ 140,098	\$ 11,986	\$ 245,883	\$ 93,660	\$ 5,709	\$ 345,252

KKWE NIIJII RADIO
(A Department of the White Earth Land Recovery Project)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020 or 2019.
- *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, 2020 or 2019.

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

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(A Department of the White Earth Land Recovery Project)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020 and 2019.

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

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 18, 2021, 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:

	2020	2019
Buildings and Improvements	\$159,015	\$159,015
Furniture and Equipment	461,180	460,822
Total Depreciable Property and Equipment	620,195	619,837
Less Accumulated Depreciation and Amortization	(278,738)	(251,694)
Total Property and Equipment	\$341,457	\$368,143

SUPPLEMENTAL INFORMATION