



KWSO RADIO

A public broadcasting entity operated by the
Confederated Tribes of the Warm Springs Reservation of Oregon

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2013 AND 2012

WITH

INDEPENDENT AUDITORS' REPORT

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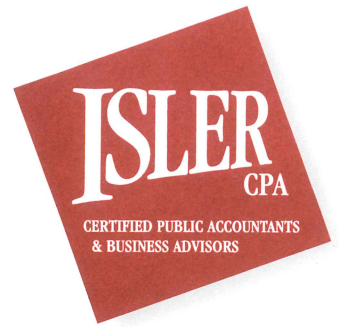
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INDEPENDENT AUDITORS' REPORT

KWSO Radio
Years Ended December 31, 2013 and 2012
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INDEPENDENT AUDITORS' REPORT

To the Tribal Council
Confederated Tribes of Warm Springs

An Independently Owned Member
McGLADREY ALLIANCE



We have audited the accompanying financial statements of the governmental activities and major fund of KWSO Radio (KWSO), a noncommercial educational radio station operated by The Confederated Tribes of the Warm Springs Reservation of Oregon (Tribe), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 audits. We conducted our audits 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 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 the purpose of 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

As discussed in Note A-1, the financial statements of KWSO are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities and the general fund of the Tribe that is attributable to the transactions of KWSO. They do not purport to, and do not, present fairly the financial position of the Tribe as of December 31, 2013 and 2012 and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of KWSO, as of December 31, 2013 and 2012, and the changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise KWSO's financial statements as a whole. The Combining Schedules of Revenues, Expenditures and Changes in Fund Balances on pages 17-18 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules are the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Isler CPA

A handwritten signature in black ink, appearing to read "Isler CPA", written in a cursive style.

May 21, 2014

KWSO RADIO
A Public Broadcasting Entity Operated by the
Confederated Tribes of the Warm Springs Reservation of Oregon

Management's Discussion and Analysis
Year ended December 31, 2013

Introduction

KWSO Radio (KWSO) is owned and operated by the Confederated Tribes of Warm Springs Oregon. The radio station functions as a Tribal department. The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of KWSO for the year ended December 31, 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The financial statements include the Statement of Net Position and Governmental Fund Balance Sheet; the Statement of Revenues, Expenditures and Changes in Fund Balance; and the Statement of Activities.

The Statement of Net Position and Statement of Activities are designed to provide readers with a broad overview of KWSO's finances, in a manner similar to a private-sector business. The Statement of Net Position includes all of KWSO's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of KWSO is improving or deteriorating.

The Statement of Activities presents information showing how KWSO's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating KWSO's near-term financing requirements. Because of this narrower focus, it is useful to compare the information presented in these statements with similar information in the Statement of Net Position and Statement of Activities. Both the Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison.

Financial Highlights

Substantially all of KWSO's current assets and liabilities reflect grants receipts which have not yet been expended. Cash and unearned grant revenue correspond to those amounts.

Net Position is summarized as follows:

	2013	2012	Increase (Decrease)	2011
Cash	\$ 181,823	\$ 159,354	\$ 22,469	\$ 89,168
Grant receivables	-	-	-	1,190
Capital assets	492,218	535,741	(43,523)	579,264
Total assets	<u>674,041</u>	<u>695,095</u>	<u>(21,054)</u>	<u>669,622</u>
Unearned grant revenue	181,823	159,354	22,469	89,168
Due to Tribe	-	-	-	1,190
Compensated absences	12,321	11,249	1,072	10,526
Total liabilities	<u>194,144</u>	<u>170,603</u>	<u>23,541</u>	<u>100,884</u>
Net position:				
Invested in capital assets	492,218	535,741	(43,523)	579,264
Unrestricted	<u>(12,321)</u>	<u>(11,249)</u>	<u>(1,072)</u>	<u>(10,526)</u>
Total net position	<u>\$ 479,897</u>	<u>\$ 524,492</u>	<u>\$ (44,595)</u>	<u>\$ 568,738</u>

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Management's Discussion and Analysis
Year ended December 31, 2013

The two primary funding sources of KWSO are the CPB grants and Tribal transfers. For non-grant expenditures, the Tribe transfers funding as the cash flows are needed. Therefore, the only change in net position results from converting from modified accrual basis to full accrual.

Change in Net Position

	2013	2012	Increase (Decrease)	2011
Revenues:				
Program revenues:				
Charges for services	\$ 70,046	\$ 37,531	\$ 32,515	\$ 37,127
Contributions and in-kind support	87,155	96,126	(8,971)	111,517
General revenues:				
Spilyay rent	6,000	6,000	-	6,000
Grants not restricted to specific programs	157,961	170,309	(12,348)	180,416
Total revenues	321,162	309,966	11,196	335,060
Expenses:				
Programming and production	234,061	272,055	(37,994)	291,749
Broadcasting, transmission and distribution	24,845	24,845	-	34,810
Program information and promotion	741	2,985	(2,244)	4,845
Management and general	98,173	100,590	(2,417)	114,274
In-kind management and general	85,356	96,126	(10,770)	106,042
Fundraising	997	-	997	-
Unallocated depreciation expense	18,678	18,678	-	18,678
Total expenses	462,851	515,279	(52,428)	570,398
Increase (decrease) in net position before transfers	(141,689)	(205,313)	63,624	(235,338)
Transfer in from general fund	97,094	161,067	(63,973)	184,561
Increase (decrease) in net position	(44,595)	(44,246)	(349)	(50,777)
Net position - beginning	524,492	568,738	(44,246)	619,515
Net position - ending	<u>\$ 479,897</u>	<u>\$ 524,492</u>	<u>\$ (44,595)</u>	<u>\$ 568,738</u>

The Tribal government, in 2013, recognized that immediate measures were needed to balance their operating budget. A mandatory unpaid furlough day, each pay period, was implemented for part of the year to reduce costs. A vacant position was not filled in anticipation of it being cut in 2014, as part of KWSO's 38% reduction in Tribal funding. A part time producer position was also left vacant.

A new relationship with the Tribe's Health & Human Services Department brought in new revenue in the form of underwriting and production fees. This served as information dissemination and professional services for them and increased revenue. That is the model for bringing in additional funding with the Tribal budget cut. The source of those funds will need to be tracked – to note federal funds – which will have to be excluded from NFFS.

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Confederated Tribes of the Warm Springs Reservation of Oregon

Management's Discussion and Analysis
Year ended December 31, 2013

Computers were upgraded for all staff. Three PC's were replaced with funding from the Tribes' Office of Information Systems, and three Laptops were provided to producers using CPB CSG funds. It led to increased productivity and efficiency.

Effective use of time and staff focus allowed KWSO to continue to maintain all local programming, filling the gaps left from the loss of 1.5 FT workers. The challenge in 2014 will be to continue to do that.

Capital Assets

There were no capital purchases in 2013. Decreases below result from depreciation of the existing assets.

Capital Assets (Net of depreciation)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Broadcasting and engineering equipment	\$ 23,198	\$ 48,042	\$ 72,887
Media Center building	<u>469,020</u>	<u>487,699</u>	<u>506,377</u>
	<u><u>\$ 492,218</u></u>	<u><u>\$ 535,741</u></u>	<u><u>\$ 579,264</u></u>

Additional information on KWSO's capital assets can be found in Note B.

Requests for Information

This financial report is designed to provide a general overview of KWSO's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Confederated Tribes of the Warm Springs Reservation of Oregon, P.O. Box C, Warm Springs, OR 97761.

BASIC FINANCIAL STATEMENTS

KWSO Radio
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2013

	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Assets:			
Cash	\$ 181,823	\$ -	\$ 181,823
Capital assets, net of accumulated depreciation	<u>-</u>	<u>492,218</u>	<u>492,218</u>
Total assets	<u><u>\$ 181,823</u></u>	<u><u>492,218</u></u>	<u><u>674,041</u></u>
 Liabilities:			
Unearned grant revenue	181,823	-	181,823
Compensated absences	<u>-</u>	<u>12,321</u>	<u>12,321</u>
Total liabilities	<u><u>181,823</u></u>	<u><u>12,321</u></u>	<u><u>194,144</u></u>
 Fund balance/Net position:			
Fund balances			
Unreserved, unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 181,823</u></u>		
 Net position:			
Invested in capital assets		492,218	492,218
Unrestricted		<u>(12,321)</u>	<u>(12,321)</u>
Total net position		<u><u>\$ 479,897</u></u>	<u><u>\$ 479,897</u></u>

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

KWSO Radio
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2012

	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Assets:			
Cash	\$ 159,354	\$ -	\$ 159,354
Capital assets, net of accumulated depreciation	<u>-</u>	<u>535,741</u>	<u>535,741</u>
Total assets	<u><u>\$ 159,354</u></u>	<u><u>535,741</u></u>	<u><u>695,095</u></u>
 Liabilities:			
Unearned grant revenue	\$ 159,354	-	159,354
Compensated absences	<u>-</u>	<u>11,249</u>	<u>11,249</u>
Total liabilities	<u><u>159,354</u></u>	<u><u>11,249</u></u>	<u><u>170,603</u></u>
 Fund balance/Net position:			
Fund balances			
Unreserved, unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 159,354</u></u>		
 Net position:			
Invested in capital assets		535,741	535,741
Unrestricted		<u>(11,249)</u>	<u>(11,249)</u>
Total net position		<u><u>\$ 524,492</u></u>	<u><u>\$ 524,492</u></u>

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

KWSO Radio
Statement of Activities
Year Ended December 31, 2013

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Revenue (Expenses) and Changes in Net Position</u>
Functions:				
Programming and production	\$ 234,061	\$ 37,855	\$ -	\$ (196,206)
Broadcasting, transmission and distribution	24,845	26,191	-	1,346
Program information and promotion	741	-	-	(741)
Management and general	98,173	6,000	-	(92,173)
In-kind management and general	85,356	-	85,356	-
Fundraising	997	-	1,799	802
Unallocated - Media Center building: Depreciation expense	<u>18,678</u>	<u>-</u>	<u>-</u>	<u>(18,678)</u>
Total	<u>462,851</u>	<u>70,046</u>	<u>87,155</u>	<u>(305,650)</u>
General revenues:				
Community Service Grants from Corporation for Public Broadcasting				157,961
Spilyay rents				6,000
Transfer in from Tribe				<u>97,094</u>
Total general revenues and transfers				<u>261,055</u>
Change in net position				(44,595)
Net position, beginning of year				<u>524,492</u>
Net position, end of year				<u><u>\$ 479,897</u></u>

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

KWSO Radio
Statement of Activities
Year Ended December 31, 2012

		Program Revenues		
		Charges for	Operating Grants and	Net Expenses and Changes
	Expenses	Services	Contributions	in Net Position
Functions:				
Programming and production	\$ 272,055	\$ 12,055	\$ -	\$ (260,000)
Broadcasting, transmission and distribution	24,845	19,476	-	(5,369)
Program information and promotion	2,985	-	-	(2,985)
Management and general	100,590	6,000	-	(94,590)
In-kind management and general	96,126	-	96,126	-
Unallocated - Media Center building: Depreciation expense	18,678	-	-	(18,678)
Total	515,279	37,531	96,126	(381,622)
General revenues:				
Community Service Grants from Corporation for Public Broadcasting				170,309
Spilyay rents				6,000
Transfer in from Tribe				161,067
Total general revenues and transfers				337,376
Change in net position				(44,246)
Net position, beginning of year				568,738
Net position, end of year				\$ 524,492

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

KWSO Radio
Statements of Revenues, Expenditures,
and Changes in Fund Balances
Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Grants	\$ 157,961	\$ 170,309
In-kind facilities and administrative services from Tribe	85,356	96,126
Underwriting	36,020	11,850
Tower leases	26,191	19,476
Spilyay rent	6,000	6,000
Tower management	6,000	6,000
Production revenue	1,400	-
Auction revenue	1,799	-
Memberships	435	205
	<u>321,162</u>	<u>309,966</u>
Total revenues		
Expenditures:		
Program services:		
Programming and production	233,103	271,699
Program information and promotion	741	2,985
	<u>233,844</u>	<u>274,684</u>
Total program services		
Support services:		
Management and general	98,059	100,223
Fundraising	997	-
In-kind management and general	85,356	96,126
	<u>184,412</u>	<u>196,349</u>
Total support services		
Total expenditures	<u>418,256</u>	<u>471,033</u>
Excess of expenditures over revenues	(97,094)	(161,067)
Other financing sources:		
Transfer in from Tribe's general fund	97,094	161,067
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

KWSO Radio

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Net change in fund balance	\$ -	\$ -
Amounts reported on the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Less current year depreciation expense	(43,523)	(43,523)
Changes in compensated absences are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	<u>(1,072)</u>	<u>(723)</u>
Change in net position of governmental activities	<u>\$ (44,595)</u>	<u>\$ (44,246)</u>

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

KWSO RADIO
Notes to the Financial Statements

Years Ended December 31, 2013 and 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

KWSO Radio (KWSO) is licensed and operated by the Confederated Tribes of the Warm Springs Reservation of Oregon (Tribe). All amounts contained in this report are included in the audited financial statements of the Tribe.

Grant activities are accounted for as a program within the Tribe's special revenue fund, while non-grant activities are accounted for as a program within the Tribe's general fund. All activities have been combined in the accompanying financial statements. Accounting, administrative services, and facilities provided by the Tribe are reported as in-kind contributions and expenditures. All expenditures in excess of revenues are paid by the Tribe and reported as transfers in to KWSO. KWSO reports only current liabilities relating to grant expenditures, as all other liabilities are expected to be paid by the Tribe and are therefore included in the transfer in from the Tribe.

2. Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of KWSO have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The statement of net position and statement of activities are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund statements (balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 90 days.

3. Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. The estimates and assumptions affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Capital Assets

KWSO follows the Tribe's policy in defining capital assets as those with an initial, individual cost of \$5,000 or more and an estimated useful life extending beyond a single reporting period. Such assets are recorded at cost or, in the case of donated property, at its estimated fair value at date of receipt. KWSO uses the straight-line method to calculate depreciation over an estimated useful life of 5 years for equipment and 30 years for the Media Center building.

5. Compensated Absences

Employees of KWSO are employees of the Tribe. It is the Tribe's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Tribe does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the statement of net position and statement of activities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

6. Net Position

In the statement of net position, net position includes the following:

Invested in capital assets – this is the component of net position that reports capital assets less accumulated depreciation.

Restricted – The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation. KWSO has no restricted net position.

Unrestricted – The difference between the assets and liabilities that is not reported in *Invested in capital assets*, and *Restricted* net position.

7. Program Revenues and General Revenues

In the statement of activities, KWSO reports as program revenues, all revenues that derive directly from the program activities themselves, including charges for services in exchange transactions, as well as operating and capital grants that are restricted for particular uses or for capital purposes. Other grants and contributions that are not thus restricted – including Community Service Grants from the Corporation for Public Broadcasting – are reported as general revenues.

8. Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby 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 369(k)(7). Each grant must be expended within two years of the initial grant authorization.

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.

The CSG receipts are reported as unearned revenues until satisfaction of the time and purpose restrictions.

9. Expense Allocation

Expenses by function have been allocated among program and supporting service classifications on the basis of time records and on estimates made by KWSO management.

10. Budgetary Information

KWSO is a program within the Tribe's general and special revenue funds. Appropriations are not made at the program level and budgetary comparisons are not presented in the financial statements.

NOTE B - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Broadcasting and engineering equipment	\$ 314,453	\$ -	\$ -	\$ 314,453
Media Center building	560,344	-	-	560,344
Total capital assets being depreciated	874,797	-	-	874,797
Less accumulated depreciation:				
Broadcasting and engineering equipment	(266,410)	(24,845)	-	(291,255)
Media Center building	(72,646)	(18,678)	-	(91,324)
Total accumulated depreciation	(339,056)	(43,523)	-	(382,579)
Capital assets, net	<u>\$ 535,741</u>	<u>\$ (43,523)</u>	<u>\$ -</u>	<u>\$ 492,218</u>

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Production and programming equipment	\$ 17,035	\$ -	\$ (17,035)	\$ -
Broadcasting and engineering equipment	314,453	-	-	314,453
Media Center building	560,344	-	-	560,344
Total capital assets being depreciated	891,832	-	(17,035)	874,797
Less accumulated depreciation:				
Production and programming equipment	(17,035)	-	17,035	-
Broadcasting and engineering equipment	(241,566)	(24,844)	-	(266,410)
Media Center building	(53,967)	(18,679)	-	(72,646)
Total accumulated depreciation	(312,568)	(43,523)	17,035	(339,056)
Capital assets, net	<u>\$ 579,264</u>	<u>\$ (43,523)</u>	<u>\$ -</u>	<u>\$ 535,741</u>

NOTE C – TOWER LEASES

KWSO leases excess capacity on its transmitter under two long-term agreements expiring in 2020 and 2021. Revenue from the two leases was \$20,191 in 2013 and \$20,022 in 2012 and is indexed to the CPI.

NOTE D - EMPLOYEE PENSION PLAN

Eligible employees participate in a defined contribution retirement plan maintained by the Tribe. All employees age 18 and over are eligible to participate in the plan after completing one year of service. The authority to establish or amend the Employees Pension Plan rests solely with the Tribal Council. Tribal Council determines the annual discretionary contribution to the plan, which was 5% in 2013 and 2012. The plan administrator is the Pension Committee, appointed by Tribal Council. Discretionary employer contributions are allocated to employees who have at least 1,000 hours of service during the plan year. Employees may defer up to 100% of compensation during the plan year as limited by IRS regulation. The employer matches 100% of employee contributions, up to 4% of each eligible participant's compensation. Vesting of employer matching contributions occurs immediately; vesting of nonelective discretionary contributions occurs fully after the participant completes three years of service. Pension contributions by KWSO for 2013 and 2012 were \$12,229 and \$13,339, respectively.

NOTE E - GRANTS

KWSO receives a Community Service Grant from the Corporation for Public Broadcasting annually. KWSO also receives other CPB grants. Grant funds received and expended during the most recent fiscal years were as follows:

Spending period	Community Service Grants				Fiscal Stabilization
	10/1/2010 - 9/30/2012	10/1/2011 - 9/30/2013	10/1/2012 - 9/30/2014	10/1/2013 - 9/30/2015	
Total Award	\$ 182,608	\$ 187,937	\$ 171,637	\$ 174,546	\$ 15,129
Grant payments received:					
2010	\$ 75,582	\$ -	\$ -	-	\$ 15,129
2011	107,026	77,029	-	-	-
2012	-	110,908	129,587	-	-
2013	-	-	47,763	132,666	-
Total payments received	\$ 182,608	\$ 187,937	\$ 177,350	\$ 132,666	\$ 15,129
Grant expenditures:					
2010	\$ -	\$ -	\$ -	\$ -	\$ 11,598
2011	157,038	16,962	-	-	-
2012	25,498	141,568	3,243	-	-
2013	-	29,407	128,553	-	-
Total grant expenditures	\$ 182,536	\$ 187,937	\$ 131,796	\$ -	\$ 11,598
Unearned revenue	\$ 72	\$ -	\$ 45,554	\$ 132,666	\$ 3,531

NOTE F - RISK MANAGEMENT

KWSO is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Settlement amounts have not exceeded coverage for the current year or the three prior years.

KWSO participates in the Tribe's limited risk management programs for workers' compensation, group benefits, state unemployment and employment practices. Premiums are assessed based on KWSO's payroll costs. The Tribe retains all risk.

NOTE G – TRANSACTIONS WITH OTHER TRIBAL DEPARTMENTS AND ENTERPRISES

1. Media Center

The Spilyay Tymoo, the Tribe's biweekly newspaper, shares approximately 17% of the building space. The Spilyay pays KWSO monthly rent of \$500 for its share of the building and related costs.

2. Tower management

KWSO manages the Tribe's tower assets on behalf of Warm Springs Telecommunications Company, a component unit of the Tribe. KWSO received \$6,000 in 2013 and 2012 for these services.

3. No-cost services

KWSO receives various services from the Tribe at no cost, including: water, sewer and sanitation services; accounting and payroll services, and; police and fire protection. The Tribe also pays all insurance costs for KWSO. These services are reported as a contribution of in-kind management and general in the Statement of Activities. The value of these services, based on the Tribe's negotiated indirect cost rate, was \$85,356 for 2013 (\$96,042 for 2012).

COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

KWSO Radio
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Year ended December 31, 2013

	Non-Grant Activities	Grant Activities	Total
Revenues:			
CPB grants	\$ -	\$ 157,961	\$ 157,961
In-kind facilities and administrative services from Tribe	85,356	-	85,356
Underwriting	36,020	-	36,020
Tower leases	26,191	-	26,191
Spilyay rent	6,000	-	6,000
Tower management	6,000	-	6,000
Production revenue	1,400	-	1,400
Auction revenue	1,799	-	1,799
Memberships	435	-	435
	<u>163,201</u>	<u>157,961</u>	<u>321,162</u>
Total revenues			
Expenditures:			
Program services:			
Programming and production	107,861	125,242	233,103
Program information and promotion	-	741	741
	<u>107,861</u>	<u>125,983</u>	<u>233,844</u>
Total program services			
Support services:			
Management and general	67,078	30,981	98,059
Fundraising	-	997	997
In-kind management and general	85,356	-	85,356
	<u>152,434</u>	<u>31,978</u>	<u>184,412</u>
Total support services			
Total expenditures	<u>260,295</u>	<u>157,961</u>	<u>418,256</u>
Excess of expenditures over revenues	(97,094)	-	(97,094)
Other financing sources:			
Transfer in from Tribe	97,094	-	97,094
Net change in fund balances	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KWSO Radio
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Year ended December 31, 2012

	Non-Grant Activities	Grant Activities	Total
Revenues:			
CPB grants	\$ -	\$ 170,309	\$ 170,309
In-kind facilities and administrative services from Tribe	96,126	-	96,126
Underwriting	11,850	-	11,850
Tower leases	19,476	-	19,476
Spilyay rent	6,000	-	6,000
Tower management	6,000	-	6,000
Memberships	205	-	205
	<u>139,657</u>	<u>170,309</u>	<u>309,966</u>
Total revenues			
	<u>139,657</u>	<u>170,309</u>	<u>309,966</u>
Expenditures:			
Program services:			
Programming and production	155,447	116,252	271,699
Program information and promotion	-	2,985	2,985
	<u>155,447</u>	<u>119,237</u>	<u>274,684</u>
Total program services			
	<u>155,447</u>	<u>119,237</u>	<u>274,684</u>
Support services:			
Management and general	49,151	51,072	100,223
In-kind management and general	96,126	-	96,126
	<u>145,277</u>	<u>51,072</u>	<u>196,349</u>
Total support services			
	<u>145,277</u>	<u>51,072</u>	<u>196,349</u>
Total expenditures			
	<u>300,724</u>	<u>170,309</u>	<u>471,033</u>
Excess of expenditures over revenues	(161,067)	-	(161,067)
Other financing sources:			
Transfer in from Tribe	161,067	-	161,067
	<u>161,067</u>	<u>-</u>	<u>161,067</u>
Net change in fund balances	-	-	-
Fund balances at beginning of year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>