



**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, 2016 AND 2015

WITH

INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Tribal Council  
Confederated Tribes of Warm Springs

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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise KWSO's basic 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 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 opinions 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 opinions.

### **Opinions**

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 Radio as of December 31, 2016 and 2015, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

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, 2016 and 2015 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. Our opinion is not modified with respect to this matter.

**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 basic financial statements. The Combining Schedules of Revenues, Expenditures and Changes in Fund Balances on pages 16-17 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Isler CPA



May 12, 2017

**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, 2016

**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, 2016. 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:

	<u>2016</u>	<u>2015</u>	Increase (Decrease)	<u>2014</u>
Cash	\$ 185,998	\$ 159,733	\$ 26,265	\$ 190,417
Capital assets	412,986	431,664	(18,678)	450,342
Total assets	<u>598,984</u>	<u>591,397</u>	<u>7,587</u>	<u>640,759</u>
Unearned grant revenue	185,998	159,733	26,265	190,417
Compensated absences	9,183	7,548	1,635	11,709
Total liabilities	<u>195,181</u>	<u>167,281</u>	<u>27,900</u>	<u>202,126</u>
Net position:				
Invested in capital assets	412,986	431,664	(18,678)	450,342
Unrestricted	(9,183)	(7,548)	(1,635)	(11,709)
Total net position	<u>\$ 403,803</u>	<u>\$ 424,116</u>	<u>\$ (20,313)</u>	<u>\$ 438,633</u>

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.

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Management's Discussion and Analysis  
Year ended December 31, 2016

Change in Net Position

	2016	2015	Increase (Decrease)	2014
Revenues:				
Program revenues:				
Charges for services	\$ 134,113	\$ 134,066	\$ 47	\$ 112,329
Restricted grants and in-kind support	97,830	106,539	(8,709)	85,453
General revenues:				
Spilyay rent	6,000	6,000	-	6,000
Donations	-	-	-	135
Grants not restricted to specific programs	119,094	197,126	(78,032)	200,975
Total revenues	<u>357,037</u>	<u>443,731</u>	<u>(86,694)</u>	<u>404,892</u>
Expenses:				
Programming and production	185,012	258,711	(73,699)	235,936
Broadcasting and engineering	7,796	8,239	(443)	44,804
Program information and promotion	-	1,025	(1,025)	1,313
Management and general	93,553	99,039	(5,486)	110,780
In-kind management and general	71,907	89,792	(17,885)	85,453
Underwriting and grant solicitation	25,168	17,873	7,295	-
Fundraising and membership	988	-	988	-
Unallocated depreciation expense	18,678	18,678	-	18,678
Total expenses	<u>403,102</u>	<u>493,357</u>	<u>(90,255)</u>	<u>496,964</u>
Decrease in net position before transfers	(46,065)	(49,626)	3,561	(92,072)
Transfer in from general fund	25,752	35,109	(9,357)	50,808
Decrease in net position	(20,313)	(14,517)	(5,796)	(41,264)
Net position - beginning	424,116	438,633	(14,517)	479,897
Net position - ending	<u>\$ 403,803</u>	<u>\$ 424,116</u>	<u>\$ (20,313)</u>	<u>\$ 438,633</u>

KWSO revenue decreased in 2016 due to several factors.

- A lease held by another radio station for space at the KWSO tower & shelter ended with the client vacating the space in 2015. We have not found a new renter since.
- Projected revenue expected from our, grant funded, Development Director position did not pan out. The position was vacant for quite a few months. That not only resulted in a lack of underwriting sales and grant applications but also reduced spending on that position in 2016, although carry over funds were approved into 2017.
- Reduced support from our grantee resulted in the elimination of most part time positions by the year's end.

**KWSO RADIO**  
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Management's Discussion and Analysis  
Year ended December 31, 2016

Goals to create more robust funding streams through: underwriting; grant funded projects; and capital campaigns continued but didn't result in revenue in 2016. The goals remain and the work continues.

Despite the reduced spending, KWSO staff continued to create unique local content with daily newscasts, two weekly news magazines, and public service on the air, and online. Our work was recognized by the National Federation of Community Broadcasters when we were presented with the Golden Torchlight Award. KWSO was honored for exemplifying NFCB's 5 stated values: collective impact, diversity, localism, excellence, and leadership in programming.

**Capital Assets**

There were no capital purchases in 2016. Decreases below result from depreciation of the existing assets.

**Capital Assets (Net of depreciation)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Media Center building	<u>\$ 412,986</u>	<u>\$ 431,664</u>	<u>\$ 450,342</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 Director of Finance, 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, 2016

	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
<b>Assets:</b>			
Cash	\$ 185,998	\$ -	\$ 185,998
Capital assets, net of accumulated depreciation	-	412,986	412,986
Total assets	\$ 185,998	412,986	598,984
<b>Liabilities:</b>			
Unearned grant revenue	\$ 185,998	-	185,998
Compensated absences	-	9,183	9,183
Total liabilities	185,998	9,183	195,181
<b>Fund balance/Net position:</b>			
Fund balances			
Unassigned	-	-	-
Total liabilities and fund balance	\$ 185,998		
Net position:			
Invested in capital assets		412,986	412,986
Unrestricted		(9,183)	(9,183)
Total net position		\$ 403,803	\$ 403,803

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

**KWSO Radio**  
Statement of Net Position and Governmental Fund Balance Sheet  
December 31, 2015

	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
<b>Assets:</b>			
Cash	\$ 159,733	\$ -	\$ 159,733
Capital assets, net of accumulated depreciation	-	431,664	431,664
Total assets	\$ 159,733	431,664	591,397
<b>Liabilities:</b>			
Unearned grant revenue	\$ 159,733	-	159,733
Compensated absences	-	7,548	7,548
Total liabilities	159,733	7,548	167,281
<b>Fund balance/Net position:</b>			
Fund balances			
Unassigned	-	-	-
Total liabilities and fund balance	\$ 159,733		
Net position:			
Invested in capital assets		431,664	431,664
Unrestricted		(7,548)	(7,548)
Total net position		\$ 424,116	\$ 424,116

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

**KWSO Radio**  
Statement of Activities  
Year Ended December 31, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Net Revenue (Expenses) and Changes in Net Position
Functions:				
Programming and production	\$ 185,012	\$ 96,835	\$ -	\$ (88,177)
Broadcasting and engineering	7,796	29,778		21,982
Management and general	93,553	7,500	-	(86,053)
In-kind management and general	71,907	-	71,907	-
Underwriting and grant solicitation	25,168	-	25,168	-
Fundraising and membership	988	-	755	(233)
Unallocated - Media Center building: Depreciation expense	18,678	-	-	(18,678)
Total	\$ 403,102	\$ 134,113	\$ 97,830	(171,159)
General revenues:				
Community Service Grants from Corporation for Public Broadcasting				119,094
Spilyay rents				6,000
Transfer in from Tribe				25,752
Total general revenues and transfers				150,846
Change in net position				(20,313)
Net position, beginning of year				424,116
Net position, end of year				\$ 403,803

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

**KWSO Radio**  
Statement of Activities  
Year Ended December 31, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Expenses and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions:				
Programming and production	\$ 258,711	\$ 84,880	\$ -	\$ (173,831)
Broadcasting and engineering	8,239	43,186	-	34,947
Program information and promotion	1,025	-	-	(1,025)
Management and general	99,039	6,000	-	(93,039)
In-kind management and general	89,792	-	89,792	-
Underwriting and grant solicitation	17,873		16,747	(1,126)
Unallocated - Media Center building:				
Depreciation expense	18,678	-	-	(18,678)
<b>Total</b>	<u>\$ 493,357</u>	<u>\$134,066</u>	<u>\$ 106,539</u>	<u>(252,752)</u>
General revenues:				
Community Service Grants from Corporation for Public Broadcasting				197,126
Spilyay rents				6,000
Transfer in from Tribe				<u>35,109</u>
Total general revenues and transfers				<u>238,235</u>
Change in net position				(14,517)
Net position, beginning of year				<u>438,633</u>
Net position, end of year				<u>\$ 424,116</u>

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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Revenues:		
CPB grants	\$ 119,094	\$ 197,126
OCF grant	25,168	16,747
Other local grants	1,200	-
In-kind facilities and administrative services from Tribe	71,907	89,792
Underwriting	95,635	84,350
Tower leases	29,778	43,186
Spilyay rent	6,000	6,000
Tower management	7,500	6,000
Donations	70	-
Memberships	685	530
	<u>357,037</u>	<u>443,731</u>
Expenditures:		
Program services:		
Programming and production	183,135	260,557
Broadcasting and engineering	7,796	8,239
Program information and promotion	-	1,025
	<u>190,931</u>	<u>269,821</u>
Support services:		
Management and general	93,795	101,355
Underwriting and grant solicitation	25,168	17,872
Fundraising and membership	988	-
In-kind management and general	71,907	89,792
	<u>191,858</u>	<u>209,019</u>
Total support services	<u>191,858</u>	<u>209,019</u>
Total expenditures	<u>382,789</u>	<u>478,840</u>
Excess of expenditures over revenues	(25,752)	(35,109)
Other financing sources:		
Transfer in from Tribe	25,752	35,109
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, 2016 and 2015

	<u>2016</u>	<u>2015</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:		
Current year depreciation expense	(18,678)	(18,678)
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>(1,635)</u>	<u>4,161</u>
Change in net position of governmental activities	<u>\$ (20,313)</u>	<u>\$ (14,517)</u>

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

## **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.

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.

### **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.

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



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

### 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, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	(314,453)	-	-	(314,453)
Media Center building	(128,680)	(18,678)	-	(147,358)
Total accumulated depreciation	(443,133)	(18,678)	-	(461,811)
Capital assets, net	<u>\$ 431,664</u>	<u>\$ (18,678)</u>	<u>\$ -</u>	<u>\$ 412,986</u>

**NOTE B - CAPITAL ASSETS – (Continued)**

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Broadcasting and engineering equipment	\$ 314,453	\$ -	\$ -	\$ 314,453
Media Center building	560,344	-	-	560,344
Total capital assets being depreciated	<u>874,797</u>	<u>-</u>	<u>-</u>	<u>874,797</u>
Less accumulated depreciation:				
Broadcasting and engineering equipment	(314,453)	-	-	(314,453)
Media Center building	(110,002)	(18,678)	-	(128,680)
Total accumulated depreciation	<u>(424,455)</u>	<u>(18,678)</u>	<u>-</u>	<u>(443,133)</u>
Capital assets, net	<u>\$ 450,342</u>	<u>\$ (18,678)</u>	<u>\$ -</u>	<u>\$ 431,664</u>

**NOTE C - 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	<u>Oregon Community Foundation</u>	<u>Community Service Grants</u>		<u>CPB Fiscal Stabilization</u>
	11/5/2015 - 11/6/2016	10/1/2015 - 9/30/2017	10/1/2016 - 9/30/2018	
Total Award	<u>\$ 60,000</u>	<u>\$ 160,787</u>	<u>\$ 160,831</u>	<u>\$ 15,129</u>
Grant payments received:				
2010	-	-	-	\$ 15,129
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	30,000	-	-	-
2015	20,000	123,524	-	-
2016	10,000	37,263	123,264	-
Total receipts	<u>\$ 60,000</u>	<u>\$ 160,787</u>	<u>\$ 123,264</u>	<u>\$ 15,129</u>
Grant expenditures:				
2010	\$ -	\$ -	\$ -	\$ 11,598
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	16,747	575	-	-
2016	25,168	115,563	-	3,531
Total expenditures	<u>41,915</u>	<u>\$ 116,138</u>	<u>\$ -</u>	<u>\$ 15,129</u>
Unearned revenue	<u>\$ 18,085</u>	<u>\$ 44,649</u>	<u>\$ 123,264</u>	<u>\$ -</u>

## **NOTE D – TOWER LEASES**

KWSO leases excess capacity on its transmitter. Revenue from leases was \$29,778 in 2016 and \$43,186 in 2015.

## **NOTE E - 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 2016 and 2015. 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 2016 and 2015 were \$11,903 and \$13,208, respectively.

## **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 Tymo, 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 \$7,500 in 2016 and \$6,000 in 2015 for these services.

### **3. Underwriting revenue**

KWSO provides health-related public service announcements for the Tribe's Health and Human Services Department. KWSO received \$70,000 and \$56,000 for these services in 2016 and 2015 respectively.

### **4. 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 \$71,907 for 2016 (\$89,792 for 2015).

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, 2016

	Non-Grant Activities	Grant Activities	Total
<b>Revenues:</b>			
CPB grants	\$ -	\$ 119,094	\$ 119,094
OCF grant		25,168	25,168
Other local grants	1,200	-	1,200
In-kind facilities and administrative services from Tribe	71,907	-	71,907
Underwriting	95,635	-	95,635
Tower leases	29,778	-	29,778
Spilyay rent	6,000	-	6,000
Tower management	7,500	-	7,500
Donations	70	-	70
Memberships	685	-	685
	<u>212,775</u>	<u>144,262</u>	<u>357,037</u>
<b>Expenditures:</b>			
Program services:			
Programming and production	91,502	91,633	183,135
Broadcasting and engineering	-	7,796	7,796
	<u>91,502</u>	<u>99,429</u>	<u>190,931</u>
Support services:			
Management and general	75,078	18,717	93,795
Underwriting and grant solicitation	-	25,168	25,168
Fundraising and membership	40	948	988
In-kind management and general	71,907	-	71,907
	<u>147,025</u>	<u>44,833</u>	<u>191,858</u>
	<u>238,527</u>	<u>144,262</u>	<u>382,789</u>
Excess of expenditures over revenues	(25,752)	-	(25,752)
Other financing sources:			
Transfer in from Tribe	25,752	-	25,752
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, 2015

	Non-Grant Activities	Grant Activities	Total
<b>Revenues:</b>			
CPB grants	\$ -	\$ 197,126	\$ 197,126
OCF grant	-	16,747	16,747
In-kind facilities and administrative services from Tribe	89,792	-	89,792
Underwriting	84,350	-	84,350
Tower leases	43,186	-	43,186
Spilyay rent	6,000	-	6,000
Tower management	6,000	-	6,000
Memberships	530	-	530
<b>Total revenues</b>	<b>229,858</b>	<b>213,873</b>	<b>443,731</b>
<b>Expenditures:</b>			
<b>Program services:</b>			
Programming and production	101,443	159,114	260,557
Broadcasting and engineering	2,005	6,234	8,239
Program information and promotion	-	1,025	1,025
<b>Total program services</b>	<b>103,448</b>	<b>166,373</b>	<b>269,821</b>
<b>Support services:</b>			
Management and general	71,370	29,985	101,355
Underwriting and grant solicitation	357	17,515	17,872
In-kind management and general	89,792	-	89,792
<b>Total support services</b>	<b>161,519</b>	<b>47,500</b>	<b>209,019</b>
<b>Total expenditures</b>	<b>264,967</b>	<b>213,873</b>	<b>478,840</b>
Excess of expenditures over revenues	(35,109)	-	(35,109)
<b>Other financing sources:</b>			
Transfer in from Tribe	35,109	-	35,109
Net change in fund balances	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>