



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, 2017 AND 2016

WITH

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Tribal Council
Confederated Tribes of the Warm Springs
Reservation of Oregon

Report on the Financial Statements

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, 2017 and 2016, 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.

Opinion

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, 2017 and 2016, 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, 2017 and 2016 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
June 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017. 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>2017</u>	<u>2016</u>	Increase (Decrease)	<u>2015</u>
Cash	\$ 191,995	\$ 185,998	\$ 5,997	\$ 159,733
Capital assets	<u>394,308</u>	<u>412,986</u>	<u>(18,678)</u>	<u>431,664</u>
Total assets	<u>586,303</u>	<u>598,984</u>	<u>(12,681)</u>	<u>591,397</u>
Unearned grant revenue	191,995	185,998	5,997	159,733
Compensated absences	<u>10,826</u>	<u>9,183</u>	<u>1,643</u>	<u>7,548</u>
Total liabilities	<u>202,821</u>	<u>195,181</u>	<u>7,640</u>	<u>167,281</u>
Invested in capital assets	394,308	412,986	18,678	431,664
Unrestricted	<u>(10,826)</u>	<u>(9,183)</u>	<u>(1,643)</u>	<u>(7,548)</u>
Net position, end of year	<u>\$ 383,482</u>	<u>\$ 403,803</u>	<u>\$ 17,035</u>	<u>\$ 424,116</u>

The two primary funding sources of KWSO are the 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

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>2015</u>
Revenues:				
Program revenues:				
Charges for services	\$ 103,110	\$ 104,335	\$ (1,225)	\$ 90,880
Restricted grants and in-kind support	105,588	97,830	7,758	106,539
General revenues:				
Tower lease	36,000	29,778	6,222	43,186
Spilyay rent	6,000	6,000	-	6,000
Grants not restricted to specific programs	<u>152,176</u>	<u>119,094</u>	<u>33,082</u>	<u>197,126</u>
Total revenues	<u>402,874</u>	<u>357,037</u>	<u>45,837</u>	<u>443,731</u>
Expenses				
Programming and production	228,084	185,012	43,072	258,711
Broadcasting and engineering	3,647	7,796	4,149	8,239
Program information and promotion	-	-	-	1,025
Management and general	112,579	93,553	19,026	99,039
In-kind management and general	70,627	71,907	1,280	89,792
Underwriting and grant solicitation	32,948	25,168	7,780	17,873
Fundraising and memberships	28	988	960	-
Unallocated depreciation expense expense	<u>18,678</u>	<u>18,678</u>	<u>-</u>	<u>18,678</u>
Total expenses	<u>466,591</u>	<u>403,102</u>	<u>63,489</u>	<u>493,357</u>
Decrease in net position before transfers	(63,717)	(46,065)	(17,652)	(49,626)
Transfer in from general fund	<u>43,396</u>	<u>25,752</u>	<u>17,644</u>	<u>35,109</u>
Decrease in net position	(20,321)	(20,313)	(8)	(14,517)
Net position - beginning	<u>403,803</u>	<u>424,116</u>	<u>(20,313)</u>	<u>438,633</u>
Net position - ending	<u>\$ 383,482</u>	<u>\$ 403,803</u>	<u>\$ (20,321)</u>	<u>\$ 424,116</u>

KWSO revenue increased in 2017 due primarily to an increase in grant revenue.

- We were able to carryover from a 3 year grant to create a Development Program at KWSO. The model created in year 3 is something we believe can be sustained, funding part time work for grant seeking and writing plus some underwriting outreach. There is anticipated opportunity to qualify for more grant opportunities in 2018 with the creation of a 501c3 organization for the Confederated Tribes of Warm Springs, that KWSO will be able to utilize. Long term we hope to increase grant revenue, with nonprofit status applications, for projects.
- KWSO also benefited from additional financial support from the Confederated Tribes of Warm Springs Health & Human Services Branch which is the organizational umbrella we fall under. That support was the dollars transferred in from the Tribes and also came in the form of Underwriting for Public Service Announcements that provided Health Education and Health Related Information Dissemination. KWSO's multiplatform approach to sharing information provides a valuable service to Tribal Health & Human Services Programs.
- The Underwriting funding is not eligible for Non Federal Financial Support (NFFS) however the Tribal Dollars do qualify. In 2018 - all financial support from Health & Human Services will be in Tribal Dollars and eligible as NFFS.

Capital Assets

There were no capital purchases in 2017. Decreases below result from depreciation of the existing assets.

Capital Assets (net of depreciation)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Media Center building	<u>\$ 394,308</u>	<u>\$ 412,986</u>	<u>\$ 431,664</u>

Additional information regarding capital assets can be found in the notes to the financial statements.

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, 2017

Assets	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Cash	\$ 191,995	\$ -	\$ 191,995
Capital assets, net of accumulated depreciation	-	394,308	394,308
Total assets	<u>\$ 191,995</u>	<u>\$ 394,308</u>	<u>\$ 586,303</u>
Liabilities			
Unearned grant revenue	\$ 191,995	\$ -	\$ 191,995
Compensated absences	-	10,826	10,826
Total liabilities	<u>191,995</u>	<u>10,826</u>	<u>202,821</u>
Fund Balances/Net Position			
Fund balance:			
Unassigned	-	-	-
Total liabilities and fund balance	<u>\$ 191,995</u>		
Net position:			
Invested in capital assets		394,308	394,308
Unrestricted		<u>(10,826)</u>	<u>(10,826)</u>
Total net position		<u>\$ 383,482</u>	<u>\$ 383,482</u>

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

See accompanying notes to financial statements.

KWSO RADIO

Statement of Activities

Year Ended December 31, 2017

	Expenses	Program Revenues		Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Functions:				
Programming and production	\$ 228,084	\$ 100,110	\$ -	\$ (127,974)
Broadcasting and engineering	3,647	-	-	(3,647)
Management and general	112,579	3,000	-	(109,579)
In-kind management and general	70,627	-	70,627	-
Underwriting and grant solicitation	32,948	-	33,788	840
Fundraising and membership	28	-	1,173	1,145
Unallocated depreciation	<u>18,678</u>	<u>-</u>	<u>-</u>	<u>(18,678)</u>
Total	<u>\$ 466,591</u>	<u>\$ 103,110</u>	<u>\$ 105,588</u>	<u>(257,893)</u>
General revenues:				
Community Service Grants from Corporation for Public Broadcasting				152,176
Tower lease				36,000
Spilyay rent				6,000
Transfer in from Tribe				<u>43,396</u>
Total general revenues and transfers				<u>237,572</u>
Change in net position				(20,321)
Net position - beginning of year				<u>403,803</u>
Net position - end of year				<u>\$ 383,482</u>

See accompanying notes to financial statements.

KWSO RADIO

Statement of Activities

Year Ended December 31, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expenses) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions:				
Programming and production	\$ 185,012	\$ 96,835	\$ -	\$ (88,177)
Broadcasting and engineering	7,796	-	-	(7,796)
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 depreciation	<u>18,678</u>	<u>-</u>	<u>-</u>	<u>(18,678)</u>
Total	<u>\$ 403,102</u>	<u>\$ 104,335</u>	<u>\$ 97,830</u>	<u>(200,937)</u>
General revenues:				
Community Service Grants from Corporation for Public Broadcasting				119,094
Tower lease				29,778
Spilyay rents				6,000
Transfer in from Tribe				<u>25,752</u>
Total general revenues and transfers				<u>180,624</u>
Change in net position				(20,313)
Net position - beginning of year				<u>424,116</u>
Net position - end of year				<u>\$ 403,803</u>

See accompanying notes to financial statements.

KWSO RADIO

Statements of Revenues, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenues		
CPB grants	\$ 152,176	\$ 119,095
OCF grant	33,788	25,168
Other local grants	1,100	1,200
In-kind administrative services from Tribe	70,627	71,907
Underwriting	99,010	95,635
Tower leases	36,000	29,778
Spilyay rent	6,000	6,000
Tower management	3,000	7,500
Donations	-	70
Memberships	1,173	684
Total revenues	<u>402,874</u>	<u>357,037</u>
Expenditures:		
Program Services:		
Programming and production	226,594	183,135
Broadcasting and engineering	3,647	7,796
Total program services	<u>230,241</u>	<u>190,931</u>
Support services:		
Management and general	112,426	93,795
Underwriting and grant solicitation	32,948	25,168
fundraising and membership	28	988
In-kind management and general	70,627	71,907
Total support services	<u>216,029</u>	<u>191,858</u>
Total expenditures	<u>446,270</u>	<u>382,789</u>
Excess of expenditures over revenues	(43,396)	(25,752)
Other financing sources:		
Transfer in from Tribe	43,396	25,752
Net change in fund balance	-	-
Fund balances at beginning of year	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

KWSO RADIO

Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Activities

Years ended December 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Net change in fund balance	\$ -	\$ -
Amounts reported on the Statement of Activities are different because:		
Governmental funds report capital outlay 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>(1,643)</u>	<u>(1,635)</u>
Change in net position of governmental activities	<u>\$ (20,321)</u>	<u>\$ (20,313)</u>

See accompanying notes to financial statements.

KWSO RADIO

Notes to 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 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 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.

KWSO RADIO

Notes to Financial Statements

December 31, 2017 and 2016

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, 2017 was as follows:

	Beginning Balance	Additions	Dispositions	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	<u>874,797</u>	<u>-</u>	<u>-</u>	<u>874,797</u>
Less accumulated depreciation for:				
Broadcasting and engineering equipment	(314,453)	-	-	(314,453)
Media Center building	<u>(147,358)</u>	<u>(18,678)</u>	<u>-</u>	<u>(166,036)</u>
Total accumulated depreciation	<u>(461,811)</u>	<u>(18,678)</u>	<u>-</u>	<u>(480,489)</u>
Capital assets, net	<u>\$ 412,986</u>	<u>\$ (18,678)</u>	<u>\$ -</u>	<u>\$ 394,308</u>

KWSO RADIO

Notes to Financial Statements

December 31, 2017 and 2016

NOTE B - CAPITAL ASSETS, Continued

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposition</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Broadcasting and engineering equipment	\$ 314,453	\$ -	\$ -	\$ 314,453
Media Center building	<u>560,344</u>	<u>-</u>	<u>-</u>	<u>560,344</u>
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	<u>(128,680)</u>	<u>(18,678)</u>	<u>-</u>	<u>(147,358)</u>
Total accumulated depreciation	<u>(443,133)</u>	<u>(18,678)</u>	<u>-</u>	<u>(461,811)</u>
Capital assets, net	<u>\$ 431,664</u>	<u>\$ (18,678)</u>	<u>\$ -</u>	<u>\$ 412,986</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	Oregon Community Foundation	<u>Community Service Grants</u>			
	11/5/2015 - 11/6/2017	10/1/2015 - 9/30/2017	10/1/2016 - 9/30/2018	10/1/2017 - 9/30/2019	
Total award	<u>\$ 60,000</u>	<u>\$ 160,787</u>	<u>\$ 160,831</u>	<u>\$ 156,789</u>	
Grant payments received:					
2014	\$ 30,000	\$ -	\$ -	\$ -	
2015	20,000	123,524	-	-	
2016	10,000	37,263	123,264	-	
2017	<u>-</u>	<u>-</u>	<u>39,334</u>	<u>120,359</u>	
Total receipts	<u>60,000</u>	<u>160,787</u>	<u>162,598</u>	<u>120,359</u>	
Grant expenditures:					
2015	16,747	575	-	-	
2016	25,168	115,563	-	-	
2017	<u>680</u>	<u>840</u>	<u>152,176</u>	<u>-</u>	
Total expenditures	<u>42,595</u>	<u>116,978</u>	<u>152,176</u>	<u>-</u>	
Unearned revenue	<u>\$ 17,405</u>	<u>\$ 43,809</u>	<u>\$ 10,422</u>	<u>\$ 120,359</u>	

NOTE D - TOWER LEASES

KWSO leases excess capacity on its transmitter. Revenue from leases was \$36,000 in 2017 and \$29,778 in 2016.

KWSO RADIO

Notes to Financial Statements

December 31, 2017 and 2016

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 2017 and 2016. 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 2017 and 2016 were \$14,561 and \$11,903, 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 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 \$3,000 in 2017 and \$7,500 in 2016 for these services.

3 - Underwriting revenue

KWSO provides health-related public service announcements for the Tribe's Health and Human Services Department. KWSO received \$73,750 and \$70,000 for these services in 2017 and 2016 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 \$70,627 for 2017 (\$71,907 for 2016).

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, 2017

	<u>Non-Grant Activities</u>	<u>Grant Activities</u>	<u>Total</u>
Revenues			
CPB grants	\$ -	\$ 152,176	\$ 152,176
OCF grant	-	33,788	33,788
Other local grants	1,100	-	1,100
In-kind administrative services from Tribe	70,627	-	70,627
Underwriting	99,010	-	99,010
Tower leases	36,000	-	36,000
Spilyay rent	6,000	-	6,000
Tower management	3,000	-	3,000
Memberships	<u>1,173</u>	<u>-</u>	<u>1,173</u>
Total revenues	<u>216,910</u>	<u>185,964</u>	<u>402,874</u>
Expenditures:			
Program Services:			
Programming and production	110,180	116,414	226,594
Broadcasting and engineering	3,647	-	3,647
Program information and promotion	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	<u>113,827</u>	<u>116,414</u>	<u>230,241</u>
Support services:			
Management and general	75,824	36,602	112,426
Underwriting and grant solicitation	-	32,948	32,948
fundraising and membership	28	-	28
In-kind management and general	<u>70,627</u>	<u>-</u>	<u>70,627</u>
Total support services	<u>146,479</u>	<u>69,550</u>	<u>216,029</u>
Total expenditures	<u>260,306</u>	<u>185,964</u>	<u>446,270</u>
Excess of expenditures over revenues	(43,396)	-	(43,396)
Other financing sources:			
Transfer in from Tribe	<u>43,396</u>	<u>-</u>	<u>43,396</u>
Net change in fund balance	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
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, 2016

	<u>Non-Grant Activities</u>	<u>Grant Activities</u>	<u>Total</u>
Revenues			
CPB grants	\$ -	\$ 119,094	\$ 119,094
OCF grant	-	25,168	25,168
Other local grants	1,200	-	1,200
In-kind 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>
Total revenues			
Expenditures:			
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>
Total program services			
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>
Total support services			
Total expenditures	<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 balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -