

KWSO
**(A Public Broadcasting Radio Station Operated by the Confederated
Tribes of the Warm Springs Reservation of Oregon)**

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
YEARS ENDED DECEMBER 31, 2023 AND 2022

WITH
INDEPENDENT AUDITOR'S REPORT

KWSO

(A Public Broadcasting Radio Station Operated by the Confederated Tribes of the Warm Springs Reservation of Oregon)

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Confederated Tribes of the Warm Springs Tribal Council
KWSO Radio
PO Box C
Warm Springs, OR 97761

Opinions

We have audited the accompanying financial statements of KWSO Radio. (KWSO), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KWSO Radio. (KWSO) as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KWSO’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the KWSO’s ability to continue as a going concern for a reasonable period of time.

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

Donham & Associates

Donham & Associates, CPA, LLC
Albuquerque, NM
August 14, 2024



KWSO
(A Public Broadcasting Radio Station Operated by the Confederated
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STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	2023	2022
<u>Assets</u>		
Current Assets		
Due From Tribe	\$ 29,186	\$ 41,738
Total Current Assets	29,186	41,738
Property and Equipment, net	291,644	300,917
Total Assets	\$ 320,830	\$ 342,655
 <u>Liabilities</u>		
Current Liabilities		
Compensated Absences	\$ 18,531	\$ 18,531
Total Current Liabilities	18,531	18,531
Total Liabilities	18,531	18,531
 <u>Net Assets</u>		
Unrestricted	302,299	324,124
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	302,299	324,124
Total Liabilities and Net Assets	\$ 320,830	\$ 342,655

See accompanying notes to financial statements.

KWSO
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STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	2023	2022
Revenues and Other Support		
CPB Grants	\$ 260,567	\$ 193,659
Confederated Tribes of the Warm Springs Reservation	108,245	148,946
In-Kind Administrative Services from Tribe	134,487	105,066
Underwriting	51,060	40,650
Tower Leases	36,960	33,000
Tower Management	6,000	7,000
Other Income	10,055	11,280
Total Revenues and Other Support	607,374	539,601
Operating Expenses		
Programming and Production	354,224	342,102
Broadcasting and Engineering	13,219	17,886
Program Information and Promotion	6,904	1,272
Management and General	99,044	127,681
In-Kind Management and General	134,487	105,066
Fundraising	292	2,713
Unallocated Depreciation	21,029	18,678
Total Operating Expenses	629,199	615,398
Income (loss) from Operations	(21,825)	(75,797)
Non-operating Revenue (Expense)		
Transfer in from Tribe	-	-
Total Non-operating Expenses	-	-
Increase (Decrease) in Unrestricted Net Assets	(21,825)	(75,797)
Increase (Decrease) in Temporarily Restricted Net Assets	-	-
Increase (Decrease) in Permanently Restricted Net Assets	-	-
Increase (Decrease) in Net Assets	(21,825)	(75,797)
Net Assets (deficit), Beginning of Year	324,124	399,921
Net Assets (deficit), End of Year	\$ 302,299	\$ 324,124

See accompanying notes to financial statements.

KWSO
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STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023	2022
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ (21,825)	\$ (75,797)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (used in) Operating Activities:		
Depreciation	21,029	18,678
Changes in Assets and Liabilities:		
(Increase) Decrease in Due from Tribe	12,552	57,119
Net Cash Provided by (used in) Operating Activities	11,756	-
<u>Cash Flows from Investing Activities</u>		
Purchases of Equipment	(11,756)	-
Net Cash Provided by (used in) Investing Activities	(11,756)	-
Net Increase (Decrease) In Cash	-	-
Cash, Beginning of Year	-	-
Cash, End of Year	\$ -	\$ -

See accompanying notes to financial statements.

KWSO
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

Cash

KWSO cash consists of cash and investments held by the Tribe in the Tribe's pooled cash and investment accounts.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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.

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

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
Capital Assets Being Depreciated:				
Broadcasting and Engineering Equipment	\$ 314,453	\$ 11,756	\$ -	\$ 326,209
Media Center Building	560,344	-	-	560,344
Total Capital Assets Being Depreciated	<u>874,797</u>	<u>11,756</u>	<u>-</u>	<u>886,553</u>
Less Accumulated Depreciation for:				
Broadcasting and Engineering Equipment	(314,453)	(2,351)	-	(316,804)
Media Center Building	(259,427)	(18,678)	-	(278,105)
Total Accumulated Depreciation	<u>(573,880)</u>	<u>(21,029)</u>	<u>-</u>	<u>(594,909)</u>
Capital Assets, Net	<u>\$ 300,917</u>	<u>\$ 32,785</u>	<u>\$ -</u>	<u>\$ 291,644</u>

Capital asset activity for the year ended December 31, 2022 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	(240,750)	(18,678)	-	(259,428)
Total Accumulated Depreciation	<u>(555,203)</u>	<u>(18,678)</u>	<u>-</u>	<u>(573,881)</u>
Capital Assets, Net	<u>\$ 319,594</u>	<u>\$ (18,678)</u>	<u>\$ -</u>	<u>\$ 300,916</u>

NOTE 3 - TOWER LEASES

KWSO leases excess capacity on its radio tower. Revenue from leases was \$36,960 in 2023 and \$33,000 in 2022.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - 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. The plan administrator is the Pension Committee, appointed by Tribal Council. 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 5% 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 for 2023 were \$1,950 and 2022 were \$4,737.

NOTE 5 - 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 6 - TRANSACTIONS WITH OTHER TRIBAL DEPARTMENTS AND ENTERPRISES

- **Tower Management**

KWSO manages the Tribe's tower assets on behalf of Warm Springs Telecommunications Company, a component unit of the Tribe. KWSO received \$ in 2023 and \$7,000 in 2022 for these services.

- **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 \$134,487 for 2023 and \$105,066 for 2022.

SUPPLEMENTAL INFORMATION

KWSO
(A Public Broadcasting Radio Station Operated by the Confederated
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SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	2023 Program Services				2023 Supporting Services	
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total	Management & General	Totals
Salaries and Benefits	\$ 296,944	\$ -	\$ -	\$ 296,944	\$ 56,808	\$ 353,752
Travel and Meetings	709	-	-	709	731	1,440
Supplies	311	-	-	311	6,208	6,518
Repairs and Maintenance	155	1,596	-	1,751	6,639	8,389
Minor Office Equipment	16,857	51	-	16,908	6,947	23,855
Telecommunications	-	-	-	-	5,566	5,566
Utilities	-	6,719	-	6,719	16,079	22,798
Depreciation	-	-	-	-	21,029	21,029
IT	-	-	-	-	4,563	4,563
Contractual Services	-	4,853	-	4,853	19,294	24,147
Postage and Printing	-	-	6,904	6,904	31	6,935
Dues & Subscriptions	39,248	-	-	39,248	3,928	43,176
Fundraising	-	-	-	-	2,694	2,694
In-Kind M&G	-	-	-	-	104,336	104,336
Total	\$ 354,224	\$ 13,219	\$ 6,904	\$ 374,347	\$ 254,852	\$ 629,199
	354,224	13,219				

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SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	2022 Program Services				2022 Supporting Services	
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total	Management & General	Totals
Salaries and Benefits	\$ 286,782	\$ -	\$ -	\$ 286,782	\$ 57,206	\$ 343,988
Travel and Meetings	685	-	-	685	736	1,421
Supplies	300	-	-	300	6,251	6,551
Repairs and Maintenance	150	2,159	-	2,309	6,685	8,994
Minor Office Equipment	16,280	69	-	16,349	6,996	23,345
Telecommunications	-	-	-	-	5,605	5,605
Utilities	-	9,091	-	9,091	16,192	25,283
Depreciation	-	-	-	-	18,678	18,678
IT	-	-	-	-	4,595	4,595
Contractual Services	-	6,567	-	6,567	19,429	25,996
Postage and Printing	-	-	1,272	1,272	31	1,303
Dues & Subscriptions	37,905	-	-	37,905	3,955	41,860
Fundraising	-	-	-	-	2,713	2,713
In-Kind M&G	-	-	-	-	105,066	105,066
Total	<u>\$ 342,102</u>	<u>\$ 17,886</u>	<u>\$ 1,272</u>	<u>\$ 361,260</u>	<u>\$ 254,138</u>	<u>\$ 615,398</u>