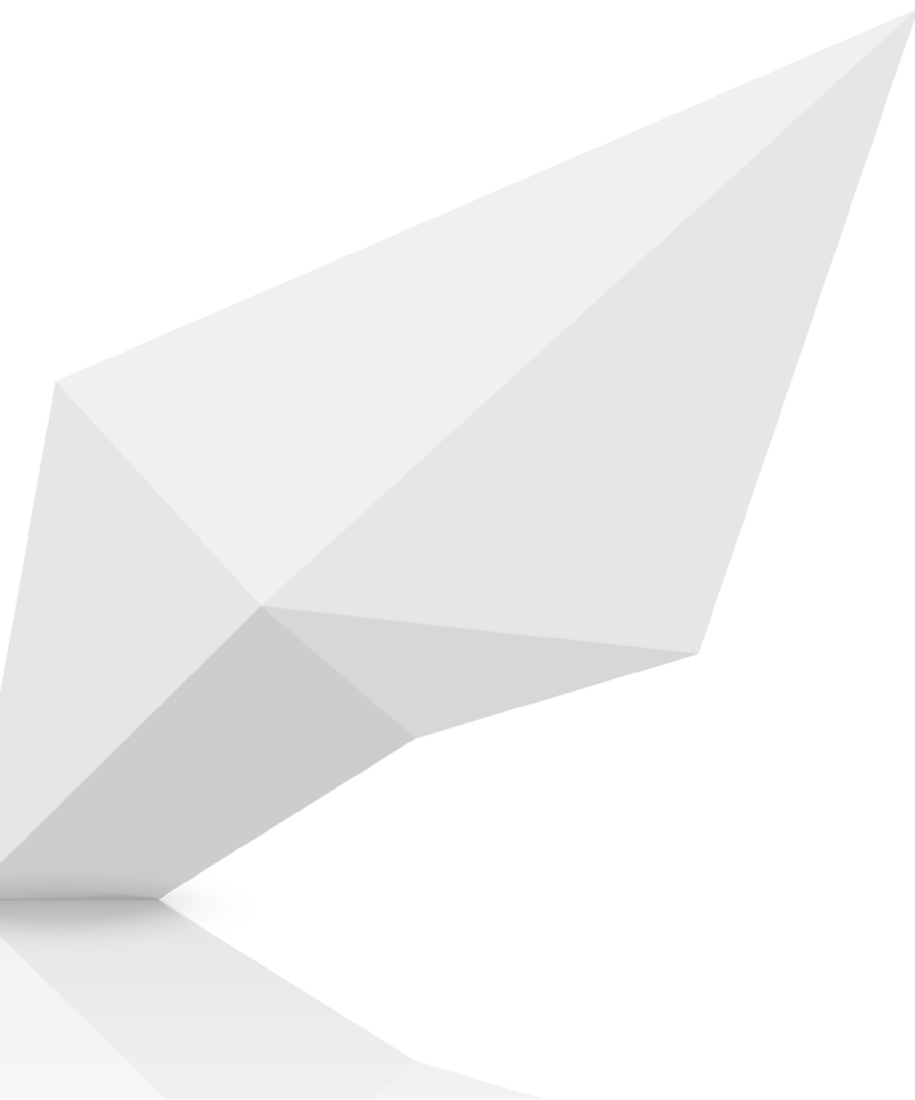


# KTDB Radio

A Department of Ramah Navajo  
School Board, Inc.

Financial and Compliance Audit Report

For the Years Ended December 31, 2021 and 2020



# KTDB Radio

Years Ended December 31, 2021 and 2020

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## **Independent Auditor's Report**

Board of Trustees  
KTDB Radio  
Pine Hill, New Mexico

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and general fund of KTDB Radio (the "Station"), a department of the Ramah Navajo School Board, Inc., as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position for the years then ended, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund for KTDB Radio as of December 31, 2021 and 2020, and the respective changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 KTDB Radio and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities and the general fund of the Ramah Navajo School Board, Inc. that is attributable to the transactions of the Station. They do not purport to, and do not present fairly, the financial position of the Ramah Navajo School Board, Inc., as of December 31, 2021 and 2020, and the changes in its financial position and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### ***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.

### ***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 GAAS and *Government 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 GAAS and *Government 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 KTDB Radio'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.

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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis and budget to actual statements, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2022 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KTDB Radio's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

Great Falls, Montana

August 15, 2022

**KTDB Radio**  
Ramah Navajo School Board, Inc.  
Management's Discussion and Analysis

**1. Introduction and Reporting Entry**

The following discussion and analysis is an overview of the financial position and activities of the KTDB Radio Station (The Station) for the year ended December 31, 2021. Management of the Station has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section.

KTDB was originally licensed to the School Board on January 14, 1991 and will expire on September 21, 2025. The Station operates on 89.7 FM as a non-commercial FM Station, serving Pine Hill, New Mexico and the surrounding communities. The Station, through its affiliation with Native One Voice, offers a variety of educational programming, national and local news, sports and musical entertainment.

The Station is a department of the Ramah Navajo School Board, Inc. (RNSB), reporting directly to the School's Board of Directors, and operated under an FCC license issued to the School Board. The School Board appropriates operating funds for the Station through the adoption of an annual budget. The School Board's Administrative Department provides indirect administrative support for the Station including financial management and reporting, human resources, facility maintenance, purchasing, and information technology support.

The Station's financial activities are managed under policies and procedures of the Administrative Department and adopted policies of the School Board and are subject to the internal audit and control of the Administrative Department. The separate external audit of the Station for calendar year 2021 was conducted to comply with the Corporation for Public Broadcasting (CPB) requirements. CPB is a private, nonprofit corporation created by Congress. CPB is not a governing agency and promotes telecommunications services (television, radio and online) for the American People.

**Overview of the Financial Statements**

This annual report consists of four parts:

1. Management's Discussion and Analysis.
2. Basic Financial Statements.
3. Notes to the Basic Financial Statements.
4. Supplemental Information

The government-wide financial statements and the fund financial statements are the basic financial statements under Governmental Accounting Standards Boards (GASB) reporting standards. These statements are prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

**KTDB Radio**  
 Ramah Navajo School Board, Inc.  
 Management's Discussion and Analysis

**Summary of Assets, Liabilities and Net Position:**

<b>Assets</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Current assets	2,891,292	2,158,542	1,637,986
Capital assets, net	183,178	190,465	197,752
<b>Total Assets</b>	<b>3,074,470</b>	<b>2,349,007</b>	<b>1,835,738</b>

Due to receiving additional ARPA Funding, Current assets have increased. Capital assets have decrease due to not acquiring new capital assets.

<b>Liabilities</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Current liabilities	2,536,223	1,862,985	1,346,982
Long-term liabilities	0	0	0
<b>Total Liabilities</b>	<b>2,536,223</b>	<b>1,862,985</b>	<b>1,346,982</b>

Due to increase in purchasing safety equipment for employees, both for their safety and their workstations, the Current liabilities have increased.

<b>Net Position</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Investment in capital assets	183,178	190,465	197,752
Unrestricted	355,069	307,119	291,004
<b>Total Net Position</b>	<b>538,247</b>	<b>497,584</b>	<b>488,756</b>

No new assets were acquired, only depreciation expense.

**Summary of Revenues, Expenses and Change in Net Position:**

<b>Income Statement Accounts</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Revenues	481,262	368,052	334,068
Expenditures	440,599	359,224	308,438
<b>Net change in fund balances</b>	<b>40,663</b>	<b>8,828</b>	<b>25,630</b>

Receiving additional ARPA increased revenues. Expenditures also increased due to purchases of safety equipment. Desktop computers were upgraded and some laptops were purchased due to the pandemic.

**KTDB Radio**  
Ramah Navajo School Board, Inc.  
Management's Discussion and Analysis

**Government-Wide Statements**

The Statement of net position and the statement of activities provide both long-term and short-term information about the Station's overall financial status. These financial statements are designed to provide readers with a broad overview of the Station's finances, in a manner similar to a private-sector business. Financial information reported in the government-wide financial statements use the full-accrual method of accounting. Revenues are recognized when they are earned, and expenditures are recognized when they are incurred.

The Statement of Net Position presents information on all of the Station's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the organization is improving or deteriorating.

The Statement of Net Position and the Statement of Activities is one of the most important questions asked about the finances of the Station. The Statement of Net Position and the Statement of Activities report information about the Station as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities under accounting guidelines that are similar to those used by most private-sector companies. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid.

These two statements report the Station's net position and changes in them. You can think of the Station's net position - the difference between assets and liabilities - as one way to measure the School Board's financial health. Over time, increases or decreases in the School Board's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Station's population base, level of the Federal funding, overall condition of the Station's capital assets, and the general business climate of the region.

- Governmental Activities - All of the Station's basic services are reported here, including all Federal grants and contract and general administration.

The Statement of Activities presents information showing how the Station's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., accrued leave).

**Fund Financial Statements**

The governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance provide detailed information about the operating fund. All of the Station's basic services are reported in the operating fund.

- Governmental funds - The Station's basic services are reported here. These statements provide a short-term view of the governmental operations and the services it provides, essentially measuring cash and other financial assets that can be readily converted to cash.



## **KTDB Radio**

### **Ramah Navajo School Board, Inc. Management's Discussion and Analysis**

We describe the relationships and differences between these fund financial statements and the Statement of Net position and Statement of Activities at the bottom of the fund financial statements.

The Station's operating fund is a governmental fund and therefore its focus is on how cash and other financial assets flow in and out, and the balances left at year-end that are available for spending. Governmental funds provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs.

The notes to the financial statements provide required disclosures and other information that is essential to gain a complete understanding of the data provided in the statements. The notes present information about the Station's accounting principles, the Station's significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Following the notes, a supplemental budgetary comparison schedule for the operating fund is presented, which compares budgeted and actual revenues and expenditures.

The Ramah Navajo School Board, Inc., is a tribal organization incorporated in the State of New Mexico as a nonprofit organization and has received Internal Revenue Service tax exempt status as a 501(c)(3) organization. The School Board's main responsibility and mission is to secure federal, state, tribal, and private funds through grants and contracts in order to provide education, health, social, and community service for Pine Hill Schools and the Ramah Navajo Community. The School Board's main source of revenue is secured and provided through P.L. 93-638 Indian Self Determination contracts with the federal government for education and health programs.

Since the School Board is a service provider to the Ramah Navajo Community, funded through grants and contracts for such, the School Board does not charge for services provided to eligible beneficiaries as established by funding sources, contract/grant requirements, or statutory and regulatory requirements. Due to its operations, the School Board must maintain operations based on the receipt of grant and contract funds secured for the provision of services for eligible recipients.

# KTDB Radio

## Statement of Net Position

<i>As of December 31,</i>	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash	\$ 2,891,292	\$ 2,158,542
Due from other governments	-	5,781
Capital assets, net	183,178	190,465
<b>Total assets</b>	<b>3,074,470</b>	<b>2,354,788</b>
<b>Liabilities</b>		
Accounts payable	689	-
Accrued payroll	5,016	3,465
Due to Ramah Navajo School Board	1,411,767	976,434
Advances from grantors	1,110,730	864,106
Accrued compensated absences	8,021	13,199
<b>Total liabilities</b>	<b>2,536,223</b>	<b>1,857,204</b>
<b>Net position</b>		
Investment in capital assets	183,178	190,465
Unrestricted	355,069	307,119
<b>Total net position</b>	<b>\$ 538,247</b>	<b>\$ 497,584</b>

See accompanying notes to financial statements.

# KTDB Radio

## Statement of Activities

Functions/Program <i>Year Ended December 31,</i>	Expenses		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Operating Grants and Contributions	Operating Grants and Contributions	Governmental Activities	
	2021	2020	2021	2020	2021	2020
Programming and production	\$ 98,909	\$ 85,178	\$ 97,816	\$ 161,700	\$ (1,093)	\$ 76,522
Broadcasting and engineering	255,813	274,046	324,329	189,454	68,516	(84,592)
Program information and promotion	9,719	-	9,719	-	-	-
Management and general	6,625	-	-	-	(6,625)	-
Indirect costs	69,533	-	-	-	(69,533)	-
Total governmental activities	440,599	359,224	431,864	351,154	(8,735)	(8,070)
<b>General revenues</b>						
Other revenue					49,398	16,898
<b>Total general revenues</b>					49,398	16,898
<b>Change in net position</b>					40,663	8,828
<b>Net position, beginning</b>					497,584	488,756
<b>Net position, ending</b>					\$ 538,247	\$ 497,584

See accompanying notes to financial statements.

# KTDB Radio

## Balance Sheets - General Fund

<i>As of December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash in bank	2,891,292	2,158,542
Prepaid expenses	-	5,781
<b>Total assets</b>	<b>\$ 2,891,292</b>	<b>\$ 2,164,323</b>
<b>Liabilities</b>		
Accounts payable	689	-
Accrued payroll	5,016	3,465
Due to Ramah Navajo School Board	1,411,767	976,434
Advances from grantors	1,110,730	864,106
<b>Total liabilities</b>	<b>2,528,202</b>	<b>1,844,005</b>
<b>Fund balances</b>		
Unassigned	363,090	320,318
<b>Total fund balances</b>	<b>363,090</b>	<b>320,318</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,891,292</b>	<b>\$ 2,164,323</b>
<b>Total governmental fund balances</b>	<b>\$ 363,090</b>	<b>\$ 320,318</b>
Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 183,178	\$ 190,465
Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(8,021)	(13,199)
<b>Net position - governmental activities, per statement of net position</b>	<b>\$ 538,247</b>	<b>\$ 497,584</b>

See accompanying notes to financial statements.

# KTDB Radio

## Statements of Revenues, Expenditures and Changes In Fund Balance - General Fund

<i>Years Ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Grants and contracts	\$ 431,864	\$ 351,154
In-kind contributions	-	30,967
Indirect cost recoveries	-	75,771
Other revenue	49,398	16,898
<b>Total revenues</b>	<b>481,262</b>	<b>474,790</b>
<b>Expenditures</b>		
Programming and Production - Expenses	97,816	78,124
Broadcasting and Engineering - Expenses	254,796	273,029
Program Information and Promotion - Expenses	9,719	-
Management and General - Expenses	6,625	-
Indirect costs	69,533	75,771
Inkind contributions	-	30,967
<b>Total expenditures</b>	<b>438,489</b>	<b>457,891</b>
<b>Revenues over expenditures</b>	<b>42,773</b>	<b>16,899</b>
<b>Net change in fund balances</b>	<b>42,773</b>	<b>16,899</b>
<b>Fund balances, beginning of year</b>	<b>320,317</b>	<b>303,419</b>
<b>Fund balances, end of year</b>	<b>\$ 363,090</b>	<b>\$ 320,318</b>

See accompanying notes to financial statements.

# KTDB Radio

## Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to the Statement of Activities

<i>Years Ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Net change in fund balances - governmental funds</b>	\$ 42,773	\$ 16,899
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Depreciation expense	(7,287)	(7,287)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in compensated absences.		
	5,177	(784)
<b>Change in net position of governmental activities</b>	\$ 40,663	\$ 8,828

See accompanying notes to financial statements.

# KTDB Radio

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

#### **Nature of Operations**

KTDB Radio (the "Station") is a department of the Ramah Navajo School Board, Inc. (RNSB). The Station's primary function is to provide public broadcasting to the people of the Ramah Navajo Reservation and surrounding communities. The Station is governed by the Ramah Navajo School Board and follows the operating and accounting policies of the RNSB. Funding sources for the Station include grants from the Corporation for Public Broadcasting, cost reimbursements from the RNSB, and business underwriting of public service announcements.

#### **Reporting Entity**

The Station is one of several departments of the RNSB, not a separate legal entity. The financial statements present only the financial position of the Station and do not purport to, and do not, present fairly the financial position of the RNSB, and the changes in its financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States. Therefore, the financial statements for the Station do not include assets and liabilities of the RNSB that do not relate to the Station.

#### **Basis of Presentation**

##### **Financial Statements**

The financial statements of the Station include the Station-wide financial statements and general fund financial statements.

##### **Station-Wide Financial Statements**

The Station-wide financial statements (i.e., the statement of net position and the statement of activities) provide information about the Station. These statements include the financial activities of the overall Station.

The statement of activities reflects the cost of programs and functions (programming and production, broadcasting and engineering, management and general, etc.) reduced by directly associated revenues (program income and operating and capital grants) to arrive at the net revenue or expense for each program and function. Net program revenue or expense for governmental activities are then adjusted for general revenues to determine the change in net position for the year. Indirect expenses such as support services and administration incurred in the general government and other functions/activities are not allocated to programs/functions that they may benefit. Depreciation expense which can be specifically identified by function is included in the direct expenses of each function.

##### **Fund Financial Statements**

The fund financial statements provide information about the Station's general fund. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Station's only major fund is the general fund, which accounts for all its financial resources. The Station does not have any proprietary funds.

# KTDB Radio

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Measurement Focus and Basis of Accounting**

The Station-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Station gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Station considers all imposed nonexchange revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, general revenues include all taxes.

#### **Cash and Cash Equivalents**

All highly liquid investments with original maturities of three months or less, including overnight repurchase agreements and money market mutual funds, are considered cash equivalents.

#### **Prepaid Expenses**

The Station incurred costs that benefit future periods. These are recorded at cost and are amortized over the related periods.

#### **Due from Other Governments/Advances from Grantors**

Amounts due from federal and other governmental agencies for costs incurred but not yet reimbursed on contracts, grants, and awards are recorded in due from other governments.

Advances from grantors arise when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the revenue recognition criteria is met, or when the government has a legal claim to the resources, the liabilities for advances from grantors is removed and the revenue is recognized.



# KTDB Radio

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Capital Assets

Capital assets are recorded at historical cost. Maintenance and repair costs are charged to expense as incurred. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Years
Buildings and improvements	\$ 5,000	5 - 40 years
Furniture, fixtures, and equipment	\$ 5,000	3 - 10 years

The Ramah Navajo School Board, Inc. has approved the use of certain school land by the Station. The Station does not pay rent for the use of such land, and it remains in trust for the benefit of the Ramah Navajo School Board, Inc.

#### Fund Balances and Net Position

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance:* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance:* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Station's highest level of decision-making authority. The Council can by adoption of a resolution commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove the limitation.

# KTDB Radio

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Fund Balances and Net Position (Continued)

*Assigned fund balance:* This classification reflects the amounts constrained by the Station's intent to be used for a specific purpose but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund.

*Unassigned fund balance:* This fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the general fund. The general fund is the only fund that reports a positive unassigned fund balance. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Station's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

In the Station-wide financial statements net position is classified and displayed in three categories:

- *Net investment in capital assets* - consists of capital assets net of accumulated depreciation and related debt, if applicable.
- *Restricted net position* - consists of amounts not accessible for general use because of constraints placed on their usage.
- *Unrestricted net position* - consists of the residual of amounts not classified in the other two categories with no constraints placed on their use.

When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first.

#### Compensated Absences

The Station employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for the accumulated vacation. All vacation is accrued when incurred in the stationwide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured as a result of employee resignation or retirement. The total accrued vacation at December 31, 2021 and 2020 is \$8,021 and \$13,199.

#### Indirect Costs

Indirect costs represent recoverable overhead costs charged to federal programs by the General Fund in connection with administering and accounting for programs funded by federal agencies and are shown as charges for services. The amount allocated to a program is based on a percentage of the grant expenditures as established in an indirect cost allocation plan. The negotiated rate recovered for the fiscal year ended December 31, 2021 was 28.65% of total direct salaries and wages, including fringe benefits.

# KTDB Radio

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Income Taxes

The Station as a department of the Ramah Navajo School Board, Inc. is exempt from Federal and State income taxes. As such, no income taxes have been provided for in the accompanying financial statements.

#### Budgetary Data

The Station follows the RNSB's procedures in developing an annual budget. The Station's program director compiles a list of items needed for the radio station for the upcoming fiscal year. The RNSB's Administrative Department prepares the budget based on historical numbers and input from the program director. The RNSB's Board of Directors adopts the budget as submitted or modifies the proposed budget before adopting it. Budget adjustments are prepared by the Administrative Department and approved by the Board of Directors. Appropriations lapse at yearend. The Station's budget is adopted on a basis consistent with accounting principles generally accepted in the United States.

#### In-Kind Contributions and Expenditures

The Station has recorded in-kind contributions and in-kind expenditures RNSB paid on behalf of the Station for services used in operations. Revenues and expenses increase by the same amount. The total amount of in-kind contributions and expenditures for the years ended December 31, 2021 and 2020 were \$0 and \$30,967.

### Note 2: Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31, 2021 and 2020:

	2021	2020
Cash in bank	\$ 2,891,292	\$ 2,158,542
Total	\$ 2,891,292	\$ 2,158,542

#### Custodial Credit Risk - Deposits

At December 31, 2021, the carrying amount of deposits was \$2,891,292 and the bank balance was \$17,632,467 and includes the Station's deposits as well as a portion of RNSB deposits. Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits may not be returned to it. The Station does not have a deposit policy for custodial credit risk. The Federal Deposit Insurance Corporation provides deposit insurance of \$250,000 per depositor. As of December 31, 2021, \$17,382,467 of the Station's bank balance of \$17,632,467 was uninsured and uncollateralized.

### Note 3: Interfund Activity

Interfund balances represent noninterest bearing amounts owed to or from tribal programs for Station payroll and other administrative services rendered and for payments made on behalf of such entities. Amounts are generally due upon demand. The Station owes the RNSB \$1,411,767 and \$976,434 as of December 31, 2021 and

# KTDB Radio

## Notes to Financial Statements

### Note 3: Interfund Activity (Continued)

2020.

### Note 4: Capital Assets

Capital asset balances and activity for the year ended December 31, 2021, were as follows:

	Balance 1/1/2021	Additions	Balance 12/31/2021
Capital assets, not being depreciated:			
Land	\$ 70,000	\$ -	\$ 70,000
Records and tape	98,945	-	98,945
<b>Total capital assets, not being depreciated</b>	<b>168,945</b>	<b>-</b>	<b>168,945</b>
Capital assets, being depreciated:			
Buildings and improvements	250,800	-	250,800
Furniture, fixtures, and equipment	113,398	-	113,398
<b>Total capital assets, being depreciated</b>	<b>364,198</b>	<b>-</b>	<b>364,198</b>
Accumulated depreciation:			
Buildings and improvements	(231,990)	(6,270)	(238,260)
Furniture, fixtures, and equipment	(110,688)	(1,017)	(111,705)
<b>Total accumulated depreciation</b>	<b>(342,678)</b>	<b>(7,287)</b>	<b>(349,965)</b>
<b>Total capital assets, being depreciated, net</b>	<b>21,520</b>	<b>(7,287)</b>	<b>14,233</b>
<b>Capital assets, net</b>	<b>\$ 190,465</b>	<b>\$ (7,287)</b>	<b>\$ 183,178</b>

Depreciation expense was \$7,287 for the year ended December 31, 2021 and was charged to the following functions:

	2021
Programming and production	\$ 6,270
Broadcasting and engineering	1,017
<b>Total</b>	<b>\$ 7,287</b>

# KTDB Radio

## Notes to Financial Statements

### Note 4: Capital Assets (Continued)

Capital asset balances and activity for the year ended December 31, 2020, were as follows:

	Balance 1/1/2020	Additions	Balance 12/31/2020
Capital assets, not being depreciated:			
Land	\$ 70,000	\$ -	\$ 70,000
Records and tape	98,945	-	98,945
<b>Total capital assets, not being depreciated</b>	<b>168,945</b>	<b>-</b>	<b>168,945</b>
Capital assets, being depreciated:			
Buildings and improvements	250,800	-	250,800
Furniture, fixtures, and equipment	113,398	-	113,398
<b>Total capital assets, being depreciated</b>	<b>364,198</b>	<b>-</b>	<b>364,198</b>
Accumulated depreciation:			
Buildings and improvements	(225,720)	(6,270)	(231,990)
Furniture, fixtures, and equipment	(109,671)	(1,017)	(110,688)
<b>Total accumulated depreciation</b>	<b>(335,391)</b>	<b>(7,287)</b>	<b>(342,678)</b>
<b>Total capital assets, being depreciated, net</b>	<b>28,807</b>	<b>(7,287)</b>	<b>21,520</b>
<b>Capital assets, net</b>	<b>\$ 197,752</b>	<b>\$ (7,287)</b>	<b>\$ 190,465</b>

Depreciation expense was \$7,287 for the year ended December 31, 2020 and was charged to the following functions:

	2020
Programming and production	\$ 6,270
Broadcasting and engineering	1,017
<b>Total</b>	<b>\$ 7,287</b>

# KTDB Radio

## Notes to Financial Statements

### Note 5: Advances from Grantors

At December 31, 2021 and 2020, advances from grantors were as follows:

	2021	2020
U.S. Government		
Department of Interior	\$ 707,498	\$ 760,979
Corporation for Public Broadcasting	78,916	103,127
Department of the Treasury	324,316	-
Total advances from grantors	\$ 1,110,730	\$ 864,106

### Note 6: Long-Term Liabilities

The changes in long-term liabilities for the years ended December 31, 2021 and 2020 were as follows:

	2021				Amounts due Within One Year
	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	
Compensated absences	\$ 13,199	\$ 21,964	\$ (27,142)	\$ 8,021	\$ 8,021
Total	\$ 13,199	\$ 21,964	\$ (27,142)	\$ 8,021	\$ 8,021

	2020				Amounts due Within One Year
	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	
Compensated absences	\$ 12,415	\$ 19,137	\$ (18,353)	\$ 13,199	\$ 13,199
Total	\$ 12,415	\$ 19,137	\$ (18,353)	\$ 13,199	\$ 13,199

# KTDB Radio

## Notes to Financial Statements

### Note 7: Retirement Plan

The Station participates in the RNSB's contributory pension plan qualifying under 401(k) of the Internal Revenue Service Code covering substantially all permanent employees. Pension costs are accrued and funded on a current basis. Pension contributions for the Station were \$13,205 for the year ended December 31, 2021 with employees contributing \$10,043 and the Station contributing \$3,162. Pension contributions for the Station were \$14,173 for the year ended December 31, 2020 with employees contributing \$10,526 and the Station contributing \$3,647. The employer contributions were 5% of each participant's salary until November 2019, when this was changed to 2% of each participant's salary. Required employee participation was 2% of the participant's salary. The plan allows for voluntary contributions by the employee up to the maximum amount allowed under federal regulations. The plan assets consist of annuity contracts purchased for each employee that are held and administered by a third party and are therefore not reflected in these financial statements.

### Note 8: Related-Party Transactions

The Station had the following related party transactions during the years ended December 31, 2021 and 2020:

From	To	Purpose	2021	2020
KTDB Radio	Ramah Navajo School Board	Materials and supplies purchased on behalf of the Station	\$ 512	\$ 147

### Note 9: Risk Management

The Station faces a considerable number of risks of loss, including:

- a) damage to and destruction and loss of property and contents;
- b) environmental damage;
- c) workers' compensation (i.e., employee injuries);
- d) tort actions; and,
- e) errors and omissions.

These risks are covered by commercial insurance purchased from independent third parties.

A variety of methods is used to provide insurance for these risks. Commercial insurance policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, tort actions, and errors and omissions. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Given the lack of coverage available, the Station has no coverage for potential losses due to environmental damages. The amounts of any potential future losses are unknown.

# KTDB Radio

## Notes to Financial Statements

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### **Note 10: Commitments and Contingencies**

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Station had not yet suffered material adverse impact from the CV19 Crisis. The future impact of the CV19 Crisis on the Station cannot be reasonably estimated at this time.

### **Note 11: Reclassifications**

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 classifications. These reclassifications have no effect on the previously reported increase in net position.



# KTDB Radio

## Budget to Actual - General Fund

*Year Ended December 31, 2021*

	Budgeted Amounts- Original/Final	Actual	Variance with Final Budget- Favorable (Unfavorable)
<b>Revenues (inflows)</b>			
Grants and contracts	-	431,864	431,864
Other revenue	-	49,398	49,398
Total revenues	-	481,262	481,262
<b>Charges to appropriations (outflows)</b>			
Salaries	281,845	202,657	79,188
Employee benefits expense	32,729	68,635	(35,906)
Supplies	4,266	8,087	(3,821)
Lease and rentals	-	2,003	(2,003)
Utilities	24,282	11,494	12,788
Subscriptions and fees	45,915	31,171	14,744
Professional fees	112,000	28,224	83,776
Insurance	4,214	16,685	(12,471)
Indirect cost expense	219,369	69,533	149,836
Total charges to appropriations	724,620	438,489	286,131
Resources over (under) charges to appropriations	(724,620)	42,773	767,393

# KTDB Radio

## Budget to Actual - General Fund

*Year Ended December 31, 2020*

	Budgeted Amounts- Original/Final	Actual	Variance with Final Budget- Favorable (Unfavorable)
<b>Revenues (inflows)</b>			
Grants and contracts	-	351,153	351,153
In-kind contributions	-	30,967	30,967
Indirect cost recoveries	-	75,771	75,771
Other revenue	-	16,898	16,898
<b>Total revenues</b>	-	<b>474,789</b>	<b>474,789</b>
<b>Charges to appropriations (outflows)</b>			
Salaries	256,756	201,104	55,652
Employee benefits expense	69,800	64,528	5,272
Travel	3,800	-	3,800
Supplies	3,780	1,521	2,259
Repairs and maintenance	3,714	7	3,707
Lease and rentals	1,000	1,821	(821)
Utilities	16,259	10,784	5,475
Subscriptions and fees	15,806	35,424	(19,618)
Professional fees	10,000	21,922	(11,922)
Insurance	8,000	5,781	2,219
Direct contract support	16,075	8,261	7,814
Indirect cost expense	45,992	75,771	(29,779)
In-kind expense	-	30,967	(30,967)
<b>Total charges to appropriations</b>	<b>450,982</b>	<b>457,891</b>	<b>(6,909)</b>
<b>Resources over (under) charges to appropriations</b>	<b>(450,982)</b>	<b>16,898</b>	<b>467,880</b>

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
KTDB Radio  
Pine Hill, New Mexico

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of KTDB Radio (the "Station"), a department of the Ramah Navajo School Board, Inc. as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of Station's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 21-1.

### **Station's Responses to Findings**

The Station's did not provide any views concerning the findings, conclusions, and recommendations, as well as a planned corrective action.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Station's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wipfli LLP*

**Great Falls, Montana**

August 15, 2022

# KTDB Radio

## Schedule of Findings

Year Ended December 31, 2021

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### 21-1 Collateralization of Advanced Funds

**Criteria or Specific Requirement:** The Bureau of Indian Affairs (BIA) requires that all advanced fundings be deposited in fully collateralized or insured accounts.

**Condition:** Advanced fundings of BIA grants were deposited in a bank account which was not fully collateralized as of year end.

**Context:** We requested pledged collateral reports for the bank account where the BIA advanced funding amount of \$817,816 was deposited. The bank cancelled the collateralization of the account due to a request for documentation not being fulfilled.

**Effect:** The Station was out of compliance with BIA requirements and no less than \$817,816 of BIA funds were exposed to custodial credit risk.

**Cause:** The Station did not provide supporting documentation to the bank in a timely manner in order to maintain the collateralization status of the account.

**Auditor's Recommendation:** The Station in conjunction with the School Board was able to resolve the collateralization issue with the Bank and full collateralization of all accounts was obtained in January 2022.