

APACHE RADIO BROADCASTING CORPORATION
(d/b/a KNNB Radio)

Financial Statements and
Independent Auditor's Report

April 30, 2022

**Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Apache Radio Broadcasting Corporation
Whiteriver, AZ

Opinions

We have audited the accompanying financial statements of Apache Radio Broadcasting Corporation (d/b/a KNNB Radio), which comprise the statements of financial position as of April 30, 2022 and 2021, 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 Apache Radio Broadcasting Corporation (d/b/a KNNB Radio) as of April 30, 2022 and 2021, 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 Apache Radio Broadcasting Corporation (d/b/a KNNB Radio), 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 Apache Radio Broadcasting Corporation'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.



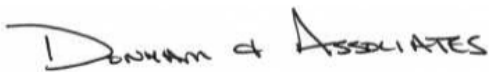
Auditor’s Responsibilities for the Audit of the Financial Statements

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 Apache Radio Broadcasting Corporation’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 Apache Radio Broadcasting Corporation’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, Certified Public Accountants, LLC
Albuquerque, NM
February 3, 2023



Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)
Statement of Financial Position
April 30, 2022

| | 2022 | 2021 |
|----------------------------------|------------|------------|
| <u>Assets</u> | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 452,894 | \$ 358,731 |
| Grants Receivable | - | - |
| Total Current Assets | 452,894 | 358,731 |
| Property and Equipment, net | 6,457 | 10,960 |
| Total Assets | \$ 459,351 | \$ 369,691 |
| <u>Liabilities</u> | | |
| Current Liabilities | | |
| Unearned Revenue | \$ - | \$ - |
| Payroll Liabilities | - | - |
| Total Liabilities | - | - |
| <u>Net Assets</u> | | |
| Unrestricted | 459,351 | 369,691 |
| Temporarily Restricted | - | - |
| Permanently Restricted | - | - |
| Total Net Assets | 459,351 | 369,691 |
| Total Liabilities and Net Assets | \$ 459,351 | \$ 369,691 |

See accompanying notes to financial statements.

Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)
Statement of Activities
Year Ended April 30, 2022

| | 2022 | 2021 |
|--|------------|------------|
| Revenues and Other Support | | |
| CPB Grants | \$ 411,685 | \$ 290,312 |
| Tribal Appropriations | 148,349 | 156,574 |
| Contributions and Donations | 8,132 | 2,918 |
| Total Revenues and Other Support | 568,166 | 449,804 |
| Operating Expenses | | |
| Salaries and Fringe Benefits | 352,983 | 199,292 |
| Professional Fees | 19,557 | 9,023 |
| Supplies | 32,120 | 1,798 |
| Utilities | 17,573 | 14,241 |
| Minor Office Equipment | 3,220 | - |
| Program Production & Acquisition | 8,085 | 34,954 |
| Dues & Subscriptions | 1,830 | 1,829 |
| Depreciation | 11,144 | 10,960 |
| Insurance | 31,994 | - |
| Total Expenses | 478,506 | 272,097 |
| Increase (Decrease) in Unrestricted Net Assets | 89,660 | 177,707 |
| Increase (Decrease) in Temporarily Restricted Net Assets | - | - |
| Increase (Decrease) in Permanently Restricted Net Assets | - | - |
| Increase (Decrease) in Net Assets | 89,660 | 177,707 |
| Net Assets, Beginning of Year | 369,691 | 191,984 |
| Net Assets, End of Year | \$ 459,351 | \$ 369,691 |

See accompanying notes to financial statements.

Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)
Statement of Cash Flows
Year Ended April 30, 2022

| | 2022 | 2021 |
|--|------------|------------|
| <u>Cash Flows from Operating Activities:</u> | | |
| Operating Income | \$ 89,660 | \$ 177,707 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used) by Operating Activities: | | |
| Depreciation | 11,144 | 10,960 |
| Net Cash Provided (Used) by Operating Activities | 100,804 | 188,667 |
| <u>Cash Flows from Investing Activities:</u> | | |
| Purchases of Equipment | (6,641) | - |
| Net Cash Provided (Used) by Investing Activities | (6,641) | - |
| Net Increase (Decrease) In Cash | 94,163 | 188,667 |
| Cash, Beginning of Year | 358,731 | 170,064 |
| Cash, End of Year | \$ 452,894 | \$ 358,731 |

See accompanying notes to financial statements.

Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)
Notes to Financial Statements
April 30, 2022

Note 1 – Summary of Significant Accounting Policies

Organization

Apache Radio Broadcasting Corporation (d/b/a KNNB Radio), is an Arizona non-profit corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Station's primary purpose is to provide public broadcasting to the people of the White Mountain Apache Tribe and surrounding communities. The Station is located in Whiteriver, Arizona and operates on FM 88.1 and 89.9. The Station is licensed by the FCC and has been broadcasting since January, 1984. The Station is governed by a Board of Directors and administered by a manager.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than received, and expenses are recognized when the related liability is incurred rather than when paid.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 958-205, Not-for-Profit Entities — Presentation of Financial Statements. Under this section, the Station is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- *Unrestricted net assets* represent that portion of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- *Temporarily restricted net assets* represent assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of the Station. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. The Station had no temporarily restricted net assets at April 30, 2022 or 2021.
- *Permanently restricted net assets* represent the part of net assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Station. The Station had no permanently restricted net assets at April 30, 2022 or 2021.

Contributions Received

Contributions received are recognized as revenues or gains in the period pledged or received and as assets or decreases of liabilities, depending on the form of the benefits received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets, if the restrictions expire in the reporting period in which revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently

Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)
Notes to Financial Statements
April 30, 2022

Note 1 – Summary of Significant Accounting Policies – continued

restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions of significant long-lived assets and significant gifts to acquire long-lived assets are reported as temporarily restricted assets and an implied time restriction is imposed on those assets that expire over the useful life of the asset, provided that the donated assets were received without stipulation as to how long they must be used. Other contributions of long-lived assets and gifts to acquire long-lived assets are reported as unrestricted assets in the period received.

Contributions Receivable

Unconditional promises to give (contributions receivable) are recognized as revenues or gains in the period the pledge is received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when collected or when the conditions on which they depend are substantially met.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Station considers all highly liquid investments with an original maturity of three months or less as cash equivalents. The Station's cash is pooled with other White Mountain Apache Tribe cash balances. The Station's share of the cash pool at April 30, 2022 and 2021 is \$452,894 and \$358,731, respectively.

Property and Equipment

Property and equipment acquisitions in excess of \$1,000 and all expenditures for renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization is computed using the straight-line method over the asset's estimated useful lives ranging from 3 to 30 years.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public broadcasting entities. CSG's are used to augment the financial resources of public broadcasting entities which enables the entities 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

Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)
Notes to Financial Statements
April 30, 2022

Note 1 – Summary of Significant Accounting Policies – continued

Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization. According to the Communications Act, unrestricted funds may be used at the discretion of recipients for purposes relating primarily to local production and acquisition of programming. In addition, the grants may be used to sustain activities begun with CSG's awarded in prior years. 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.

Subsequent Events

Subsequent events were evaluated through February 3, 2023, the date which the financial statements were available to be issued, and no subsequent events material to the financial statements were noted.

Note 2 – Grants Receivable

Grants receivable at April 30, 2022, consist of Community Service Grant amount of \$0 due from the Corporation for Public Broadcasting.

Note 3 – Property and Equipment

Property and equipment consist of the following at April, 30:

| | 2022 | 2021 |
|--|-----------|-----------|
| Buildings and Improvements | \$135,000 | \$135,000 |
| Furniture and Equipment | 217,472 | 210,831 |
| Vehicles | 16,000 | 16,000 |
| Total Depreciable Property and Equipment | 368,472 | 361,831 |
| Less Accumulated Depreciation and Amortization | (362,015) | (350,871) |
| Total Property and Equipment | \$ 6,457 | \$ 10,960 |

Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)
Notes to Financial Statements
April 30, 2022

Note 4 – Community Service Grant

The Station was awarded a community service grant in the amount of \$190,396 for the 2022 federal fiscal year with an expenditure period of October 1, 2021 through September 30, 2022. The restricted portion, which must be used for the acquisition, promotion and distribution of national programming, was \$40,819.

The Station was awarded a community service grant in the amount of \$290,312 for the 2021 federal fiscal year with an expenditure period of October 1, 2020 through September 30, 2021. The restricted portion, which must be used for the acquisition, promotion and distribution of national programming, was \$38,580.

Note 5 – Risk Management

The Station is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

SUPPLEMENTAL INFORMATION

Apache Radio Broadcasting Corporation
(d/b/a KNNB Radio)
Schedule of Functional Expenses
Year Ended April 30, 2022

| | 2022 Program Services | | | | 2022 Supporting Services | |
|------------------------------|-----------------------------|-------------------------------|---------------------------------------|-------------------|--------------------------|-------------------|
| | Programming & Production | Broadcasting & Engineering | Program Information & Promotion | Total | Management & General | Totals |
| Salaries and Fringe Benefits | \$ 70,597 | \$ 70,597 | \$ 70,597 | \$ 211,790 | \$ 141,193 | \$ 352,983 |
| Professional Fees | 3,911 | 3,911 | 3,911 | 11,734 | 7,823 | 19,557 |
| Supplies | 6,424 | 6,424 | 6,424 | 19,272 | 12,848 | 32,120 |
| Minor Office Equipment | - | - | - | - | - | 3,220 |
| Utilities | 3,515 | 3,515 | 3,515 | 10,544 | 7,029 | 17,573 |
| Program Prod. & Acquisition | 8,085 | - | - | 8,085 | - | 8,085 |
| Dues & Subscriptions | 366 | 366 | 366 | 1,098 | 732 | 1,830 |
| Depreciation | 2,229 | 2,229 | 2,229 | 6,686 | 4,458 | 11,144 |
| Insurance | 6,399 | 6,399 | 6,399 | 19,196 | 12,798 | 31,994 |
| Total | <u>\$ 101,525</u> | <u>\$ 93,440</u> | <u>\$ 93,440</u> | <u>\$ 288,406</u> | <u>\$ 186,880</u> | <u>\$ 478,506</u> |

| | 2021 Program Services | | | | 2021 Supporting Services | |
|------------------------------|-----------------------------|-------------------------------|---------------------------------------|-------------------|--------------------------|-------------------|
| | Programming & Production | Broadcasting & Engineering | Program Information & Promotion | Total | Management & General | Totals |
| Salaries and Fringe Benefits | \$ 39,858 | \$ 39,858 | \$ 39,858 | \$ 119,575 | \$ 79,717 | \$ 199,292 |
| Professional Fees | 1,805 | 1,805 | 1,805 | 5,414 | 3,609 | 9,023 |
| Supplies | 360 | 360 | 360 | 1,079 | 719 | 1,798 |
| Utilities | 2,848 | 2,848 | 2,848 | 8,545 | 5,696 | 14,241 |
| Program Prod. & Acquisition | 34,954 | - | - | 34,954 | - | 34,954 |
| Dues & Subscriptions | 366 | 366 | 366 | 1,097 | 732 | 1,829 |
| Depreciation | 2,192 | 2,192 | 2,192 | 6,576 | 4,384 | 10,960 |
| Total | <u>\$ 82,383</u> | <u>\$ 47,429</u> | <u>\$ 47,429</u> | <u>\$ 177,240</u> | <u>\$ 94,857</u> | <u>\$ 272,097</u> |