

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)

Financial Statements and
Independent Auditor's Report

August 31, 2021

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lakota Communications, Inc.
Porcupine, SD

Report on the Financial Statements

We have audited the accompanying financial statements of Lakota Communications, Inc. (d/b/a KILI Radio), which comprise the statement of financial position as of August 31, 2021, and the related statement of activities and cash flows for the year then ended, and the related notes to the 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 U.S. generally accepted accounting principles; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 opinion.

Opinion

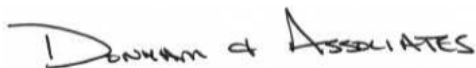
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakota Communications, Inc. (d/b/a KILI Radio), as of August 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited Lakota Communications, Inc. (d/b/a KILI Radio), financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.



Donham & Associates, CPA, LLC
Albuquerque, NM
November 23, 2021



LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2021

	2021	2020
<u>Assets</u>		
Current Assets		
Cash and Cash Equivalents	\$ 657,345	\$ 330,665
Inventory	-	511
Total Current Assets	657,345	331,176
Property and Equipment, net	183,955	196,817
Total Assets	\$ 841,300	\$ 527,993
 <u>Liabilities</u>		
Current Liabilities		
Accrued Payroll and Benefits	\$ 632	\$ 650
Total Current Liabilities	632	650
Notes Payable	-	32,075
Total Liabilities	632	32,725
 <u>Net Assets</u>		
Unrestricted	719,029	495,268
Temporarily Restricted	121,639	-
Permanently Restricted	-	-
Total Net Assets	840,668	495,268
Total Liabilities and Net Assets	\$ 841,300	\$ 527,993

See accompanying notes to financial statements.

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues and Other Support		
CPB Grants and Contributions	\$ 397,851	\$ 270,465
Other Grants and Contributions	-	-
Donations and Contributions	181,614	102,168
Other Income	42,146	10,124
Total Revenues and Other Support	<u>621,611</u>	<u>382,757</u>
Operating Expenses		
Salaries and Benefits	178,615	174,359
Travel and Meetings	6,883	25,209
Supplies	4,459	1,417
Repairs and Maintenance	11,333	7,318
Telecommunications	12,272	13,857
Utilities	11,708	11,805
Other Expenses	17	-
Depreciation	17,557	16,390
Insurance	9,950	12,134
Contractual Services	15,762	13,050
Postage and Printing	237	365
Advertising	946	4,621
Dues & Subscriptions	6,472	1,755
Total Operating Expenses	<u>276,211</u>	<u>282,280</u>
Income (loss) from Operations	<u>345,400</u>	<u>100,477</u>
Non-operating Revenue (Expense)		
Other Non-Operating Revenue (Expense)	-	-
Interest Expense	-	-
Bank Fees and Penalties	-	-
Total Non-operating Expenses	<u>-</u>	<u>-</u>
Increase (Decrease) in Unrestricted Net Assets	345,400	100,477
Increase (Decrease) in Temporarily Restricted Net Assets	-	-
Increase (Decrease) in Permanently Restricted Net Assets	-	-
Increase (Decrease) in Net Assets	345,400	100,477
Net Assets (deficit), Beginning of Year	<u>495,268</u>	<u>394,791</u>
Net Assets (deficit), End of Year	<u><u>\$ 840,668</u></u>	<u><u>\$ 495,268</u></u>

See accompanying notes to financial statements.

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2021

	2021	2020
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 345,400	\$ 100,477
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (used in) Operating Activities:		
Depreciation	17,557	16,390
Changes in Assets and Liabilities:		
(Increase) Decrease in Inventory	511	154
Increase (Decrease) in Payroll Liabilities	(18)	73
Increase (Decrease) in Notes Payable	(32,075)	32,075
Net Cash Provided by (used in) Operating Activities	331,375	149,169
<u>Cash Flows from Investing Activities</u>		
Purchases of Equipment	(4,695)	(9,439)
Net Cash Provided by (used in) Investing Activities	(4,695)	(9,439)
Net Increase (Decrease) In Cash	326,680	139,730
Cash, Beginning of Year	330,665	190,935
Cash, End of Year	\$ 657,345	\$ 330,665

See accompanying notes to financial statements.

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

Note 1 – Summary of Significant Accounting Policies

Organization and Operation

Lakota Communications, Inc. (d/b/a KILI Radio), is a South Dakota 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 serve the educational and cultural needs of the Lakota people on the Pine Ridge, Cheyenne River and Rosebud Indian Reservations. The Station is located in Porcupine, South Dakota and operates on FM 90.1 and 88.7. The Station is licensed by the FCC and has been broadcasting since February 1983. 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 temporarily restricted net assets at August 31, 2021 and 2020 of \$121,639 and \$0, respectively.
- *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 August 31, 2021 or 2020.

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

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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.

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 20 years.

Subsequent Events

Management has evaluated business activity through November 23, 2021, the date the financial statements were available to be issued and concluded no subsequent events have occurred which would require recognition in the financial statements or disclosure in the notes to the financial statements at August 31, 2021.

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

Note 2 – Property and Equipment

Property and equipment consist of the following at August 31:

	FY 2021	FY 2020
Buildings and Improvements	\$ 64,345	\$ 64,345
Equipment	852,057	847,362
Furniture and Fixtures	29,580	29,580
Total Depreciable Property and Equipment	945,982	941,287
Less Accumulated Depreciation	(762,027)	(744,470)
Total Depreciable Property and Equipment, Net	183,955	196,817
Construction in Progress	-	-
Total Property and Equipment, Net	<u>\$183,955</u>	<u>\$196,817</u>

SUPPLEMENTAL INFORMATION

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	2021 Program Services			2021 Supporting Services		
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total	Management & General	Totals
Salaries and Benefits	\$ 43,832	\$ 45,993	\$ 32,240	\$ 122,065	\$ 56,550	178,615
Travel and Meetings	1,689	1,772	1,242	4,704	2,179	6,883
Supplies	1,094	1,148	805	3,047	1,412	4,459
Repairs and Maintenance	-	-	-	-	11,333	11,333
Telecommunications	3,012	3,160	2,215	8,387	3,885	12,272
Utilities	2,873	3,015	2,113	8,001	3,707	11,708
Other Expenses	4	4	3	12	5	17
Depreciation	8,779	8,779	-	17,557	-	17,557
Insurance	2,442	2,562	1,796	6,800	3,150	9,950
Contractual Services	3,868	4,059	2,845	10,772	4,990	15,762
Postage and Printing	58	61	43	162	75	237
Advertising	232	244	171	646	300	946
Dues & Subscriptions	1,588	1,667	1,168	4,423	2,049	6,472
Total	<u>\$ 69,471</u>	<u>\$ 72,464</u>	<u>\$ 44,641</u>	<u>\$ 186,576</u>	<u>\$ 89,635</u>	<u>\$ 276,211</u>

LAKOTA COMMUNICATIONS, INC.
(d/b/a KILI Radio)
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	2020 Program Services				2020 Supporting Services	
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total	Management & General	Totals
Salaries and Benefits	\$ 42,788	\$ 44,897	\$ 31,472	\$ 119,157	\$ 55,202	174,359
Travel and Meetings	6,186	6,491	4,550	17,228	7,981	25,209
Supplies	348	365	256	968	449	1,417
Repairs and Maintenance	-	-	-	-	7,318	7,318
Telecommunications	3,401	3,568	2,501	9,470	4,387	13,857
Utilities	2,897	3,040	2,131	8,068	3,737	11,805
Depreciation	8,195	8,195	-	16,390	-	16,390
Insurance	2,978	3,125	2,190	8,292	3,842	12,134
Contractual Services	3,202	3,360	2,356	8,918	4,132	13,050
Postage and Printing	90	94	66	249	116	365
Advertising	1,134	1,190	834	3,158	1,463	4,621
Dues & Subscriptions	431	452	317	1,199	556	1,755
Total	\$ 71,649	\$ 74,777	\$ 46,672	\$ 193,098	\$ 89,182	\$ 282,280