

**AANIHH NAKODA COLLEGE
RADIO STATION (A Special
Revenue Fund of Aaniih Nakoda
College, Inc.)**

**Financial Statements and
Independent Auditors' Report**



June 30, 2019

Aaniih Nakoda College Radio Station

(A Special Revenue Fund of Aaniih Nakoda College, Inc.)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Aaniiih Nakoda College, Inc.
Harlem, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of Aaniiih Nakoda College Radio Station (the Station) special revenue fund of Aaniiih Nakoda College, Inc. (the College) as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the contents.

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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Aaniiih Nakoda College Radio Station special revenue fund of Aaniiih Nakoda College, Inc., as of June 30, 2019, and the changes in its financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Aaniiih Nakoda College Radio Station special revenue fund and do not purport to, and do not, present fairly the financial position of Aaniiih Nakoda College, Inc. as of June 30, 2019, and the changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on page 4 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board 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 U.S. generally accepted auditing standards, 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.

Liberty Lake, Washington
January 13, 2020

Aaniih Nakoda College Radio Station

(A Special Revenue Fund of Aaniih Nakoda College, Inc.)

Management's Discussion and Analysis

This section of the financial report presents Aaniih Nakoda College Radio Station (the Station) management's discussion and analysis and a summary of the Station's financial performance during the year ended June 30, 2019. Please read it in conjunction with the Station's financial statements, which follow this section.

Financial Highlights

- Aaniih Nakoda College Radio Station is a special revenue fund that is subsidized by the general operating funds of Aaniih Nakoda College, Inc. (the College). Although the radio station is a fund of the college, the funding agency has requested a separate audit report, hence the presentation of just one fund of the College. KGVA FM 88.1 radio station is located on the campus of the Aaniih Nakoda College and on the reservation of the Gros Ventre and Assiniboine Tribes (note the initials in the Station's call sign). As a public service radio station, much of the programming is educational, public service announcements, and recorded releases of the national public radio station service. Unfortunately, due to the poverty of the area, funds for operations of the radio station are limited to support provided by the Corporation for Public Broadcasting, the College, and a small amount of underwriting. All College activities are designed and implemented to provide quality educational programs and services to residents of the Fort Belknap Indian Reservation and surrounding communities. The radio station provides a valuable community service, and its operation is supported by the College's Board and administration.

Expenditures of the Station, as reported in these financial statements, were \$240,451 compared to \$255,372 in FY 2018. Revenue from a private foundation (CPB is only foundation funds and does not include the underwriting or donation resources) for operations were \$143,933 compared to \$143,089 in FY 2018.

- The Station has no long-term debt and no plans to enter into any long-term debt agreements.
- The College maintains a 401(k) retirement program for its entire permanent staff. The College contributes 5% of gross wages to the employee's fund. Contributions by the College in 2019 for Station staff were \$3,582. The employees did not make any self-contributions. The fund is self-directed and vests with permanent employment status. Other than mandatory obligations, an additional fringe benefit is health insurance coverage for the station's employee. The plan has a 20% co-pay and \$3,500 deductible.
- All equipment, building, and other assets are owned by the College and are not owned by the Station as an entity.

To evaluate the financial position of the College, it is suggested that the audit report for Aaniih Nakoda College be utilized. To eliminate the Station's deficit fund balance, the College transferred funds sufficient to eradicate the deficit.

Aaniih Nakoda College Radio Station

(A Special Revenue Fund of Aaniih Nakoda College, Inc.)

Management's Discussion and Analysis

Contacting the College's Financial Management

The financial report is designed to provide tribal members, customers, and investors and creditors with a general overview of the College's finances and demonstrate the College's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the College's Comptroller at the Finance Office or via email at deve@ancollege.edu.

Aaniih Nakoda College Radio Station
(A Special Revenue Fund of Aaniih Nakoda College, Inc.)

Balance Sheet

June 30, 2019

Assets

Cash	\$	-
Total Assets	\$	-

Liabilities and Fund Balance

LIABILITIES:

Accounts payable	\$	-
Other payables		-
Total liabilities		-

FUND BALANCE:

Unassigned		-
Total fund balance		-
Total liabilities and fund balance	\$	-

See accompanying independent auditors' report and notes to basic financial statements.

Aaniiih Nakoda College Radio Station
(A Special Revenue Fund of Aaniiih Nakoda College, Inc.)

**Statement of Revenues, Expenditures, and
Changes in Fund Balance**

Year Ended June 30, 2019

REVENUES:

Foundation/other	\$ 115,156
Foundation/other restricted	28,777
Other	13,692
In-kind contributions	52,120
Total revenues	<u>209,745</u>

EXPENDITURES:

Community services	159,554
Community services restricted	28,777
In-kind indirect expenditures	52,120
Total expenditures	<u>240,451</u>

EXCESS OF EXPENDITURES OVER REVENUES (30,706)

TRANSFER IN 30,706

FUND BALANCE, BEGINNING OF YEAR -

FUND BALANCE, END OF YEAR \$ -

See accompanying independent auditors' report and notes to basic financial statements.

Aaniiih Nakoda College Radio Station (A Special Revenue Fund of Aaniiih Nakoda College, Inc.)

Notes to Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Aaniiih Nakoda College Radio Station (the Station), a special revenue fund of Aaniiih Nakoda College, Inc. (the College), have been prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements have been prepared in accordance with the reporting model defined by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, established accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No. 34.

The following notes to the financial statements are an integral part of the Station’s financial statements.

Organization:

KGVA is an educational, noncommercial, public radio station serving the Fort Belknap Indian Reservation and surrounding communities. KGVA was established in 1996 and licensed through the College. KGVA serves the educational, informational, and cultural needs of Indians and non-Indians, both on the reservation and in the nearby communities. It has four purposes: (1) To bring National Public Radio to this large unserved area; (2) To provide a key emergency alerting system to service this windy region beset by climate extremes; (3) To promote the educational mission of the College; and (4) To increase the social and economic well-being by facilitating interaction between Indian and non-Indian communities. KGVA broadcasts on a 90-kilowatt transmitter serving over 25,000 people in a coverage area of 9,491 square miles.

The call letters KGVA signify the two Tribes of Fort Belknap, i.e., the Gros Ventre and Assiniboine. KGVA is located on the campus of its primary government, Aaniiih Nakoda College, Inc.

Summary of Significant Accounting Policies:

Financial Statements – Include only the Station operations. Focus is on the Station as a special revenue fund of the College. The Station’s balance sheet and statement of revenues, expenditures, and changes in fund balance display only financial information related to this special revenue fund. These statements do not include the financial information of the primary government.

The Station’s activities are financed primarily through private foundation funds from the Corporation for Public Broadcasting and the College’s unrestricted funds.

Aaniih Nakoda College Radio Station (A Special Revenue Fund of Aaniih Nakoda College, Inc.)

Notes to Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of Accounting – The Station’s financial statements 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, the College considers revenues of the Station to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures (when they occur), as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The Station currently has no outstanding long-term debt.

Budgets – The Station is not legally required to, and consequently does not, adopt an annual budget for operations.

Because the adoption of an annual budget is not mandated by law and because some programs are not budgeted on the same fiscal year as the College’s, a statement of revenues, expenditures, and changes in fund balance (budget to actual) at June 30, 2019, as required by U.S. generally accepted accounting principles, would be misleading. As a result, such a statement is not included herein.

Cash and Cash Equivalents – Cash and cash equivalents include all readily available sources of cash such as cash on hand, cash on deposit with financial institutions, and highly liquid short-term investments. The Station does not report a cash balance at June 30, 2019, because its revenues are collected by the College and its expenses are paid by the College. As explained in Note 6, the Station essentially operates at a deficit which is covered by the general fund of the College.

Fund Balance Classification – As a governmental fund of the College, the Station’s financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the College is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**—this classification includes amounts that cannot be spent because they are either (a) not in nonspendable form, for example inventories, prepaid amounts, or notes receivable or (b) legally or contractually required to be maintained intact.
- **Restricted**—this classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions, or enabling legislation.

Aaniih Nakoda College Radio Station (A Special Revenue Fund of Aaniih Nakoda College, Inc.)

Notes to Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Fund Balance Classification (continued)

- Committed—this classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the College’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the College that can, by adoption of a resolution commit fund balance. Once adopted, the limitation imposed by the resolutions remains in place until a similar action is taken (adoption of another resolution) to remove the limitation.
- Assigned—this classification includes amounts that are constrained by the College’s intent to be used for a specific purpose, but are neither restricted nor committed and should be reported as assigned fund balance. This classification also includes the remaining positive fund balance for all governmental funds except for the College’s General Fund.
- Unassigned—this classification includes the residual fund balance 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 the College’s policy to first use restricted resources and then unrestricted resources as needed. When unrestricted resources are available for use, it is the College’s policy to use resources in the following order; first committed, then assigned, and finally unassigned.

NOTE 2 — CLAIMS AND CONTINGENCIES:

The Station is subject to claims and lawsuits which arise primarily in the ordinary course of operations. The Station does not anticipate any losses with respect to such existing or pending claims at June 30, 2019.

Aaniih Nakoda College Radio Station

(A Special Revenue Fund of Aaniih Nakoda College, Inc.)

Notes to Financial Statements

NOTE 3 — RISK MANAGEMENT:

Aaniih Nakoda College, Inc., not the Station, faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e., errors and omissions), environmental damage, workers' compensation, and medical insurance costs of employees. The Station is covered by the insurance of Aaniih Nakoda College, Inc. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risk of loss except for relatively small deductible amounts, are purchased for property and content damage of professional liabilities.

Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. Settled claims resulting from these risks did not exceed commercial insurance coverage for each of the past three years.

NOTE 4 — INCOME TAXES:

The Station is exempt from federal income taxes except for tax on unrelated business income. The Station had no significant unrelated business income during the fiscal year ended June 30, 2019. Accordingly, no provision for income taxes is made in the financial statements.

NOTE 5 — PENSION PLAN:

Employees of the Station qualify for participation in the Aaniih Nakoda College, Inc. Retirement Plan (the Plan), a defined contribution pension plan, administered by Aaniih Nakoda College, Inc. Important provisions of the Plan are:

- All permanent employees at the age of 21 are eligible for the Plan.
- Contributions to the Plan are determined on a per-pay-period basis based on an individual's gross wages (2 percent profit sharing and an employee match up to 3 percent based on the employee's participation).
- Benefits are fully vested at all times, and are not subject to forfeiture.

The Plan operates under provisions of the Plan document approved and adopted by the Board of Directors. Amendments to the Plan provision must be approved by a majority of the Board of Directors. For the year ended June 30, 2019, the employer expenditures were \$3,582 and employees contributed \$0 to the Plan. There were no forfeitures as of June 30, 2019.

Aaniih Nakoda College Radio Station
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Notes to Financial Statements

NOTE 6 — RELATED-PARTY TRANSACTIONS:

The Station's revenues fell short of expenditures in prior years resulting in a deficit fund balance, which represents the cumulative short fall of revenues over the past year of operations. These over-expenditures were funded by the general fund; not reflected in the financial statements is the Station's obligation to the indirect cost pool of Aaniih Nakoda College, Inc. For fiscal year 2019, the College transferred a total of \$30,706 to cover the current year shortfall and did not charge the station for its share of indirect cost reimbursement of \$53,114, resulting in a fund balance at June 30, 2019, of \$0.

