



KWSO RADIO

A public broadcasting entity operated by the
Confederated Tribes of the Warm Springs Reservation of Oregon

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2015 AND 2014

WITH

INDEPENDENT AUDITOR'S REPORT

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Table of Contents

Financial Section	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 5
Basic Financial Statements:	
Entity-wide Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet:	
December 31, 2015	6
December 31, 2014	7
Statement of Activities:	
Year Ended December 31, 2015	8
Year Ended December 31, 2014	9
Fund Financial Statements	
Statements of Revenues, Expenditures, and Changes in Fund Balances	10
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Activities	11
Notes to Financial Statements	12 - 16
Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances	
Year Ended December 31, 2015	17
Year Ended December 31, 2014	18



INDEPENDENT AUDITOR'S REPORT

To the Tribal Council
Confederated Tribes of Warm Springs

We have audited the accompanying financial statements of the governmental activities and major fund of KWSO Radio (KWSO), a noncommercial educational radio station operated by The Confederated Tribes of the Warm Springs Reservation of Oregon (Tribe), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise KWSO's basic 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 accounting principles generally accepted in the United States of America; 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of KWSO Radio as of December 31, 2015 and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A-1, the financial statements of KWSO are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities and the general fund of the Tribe that is attributable to the transactions of KWSO. They do not purport to, and do not, present fairly the financial position of the Tribe as of December 31, 2015 and 2014 and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise KWSO's basic financial statements. The Combining Schedules of Revenues, Expenditures and Changes in Fund Balances on pages 17-18 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Isler CPA



May 25, 2016

KWSO RADIO

A Public Broadcasting Entity Operated by the
Confederated Tribes of the Warm Springs Reservation of Oregon

Management's Discussion and Analysis
Year ended December 31, 2015

Introduction

KWSO Radio (KWSO) is owned and operated by the Confederated Tribes of Warm Springs Oregon. The radio station functions as a Tribal department. The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of KWSO for the year ended December 31, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The financial statements include the Statement of Net Position and Governmental Fund Balance Sheet; the Statement of Revenues, Expenditures and Changes in Fund Balance; and the Statement of Activities.

The Statement of Net Position and Statement of Activities are designed to provide readers with a broad overview of KWSO's finances, in a manner similar to a private-sector business. The Statement of Net Position includes all of KWSO's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of KWSO is improving or deteriorating.

The Statement of Activities presents information showing how KWSO's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating KWSO's near-term financing requirements. Because of this narrower focus, it is useful to compare the information presented in these statements with similar information in the Statement of Net Position and Statement of Activities. Both the Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison.

Financial Highlights

Substantially all of KWSO's current assets and liabilities reflect grants receipts which have not yet been expended. Cash and unearned grant revenue correspond to those amounts.

Net Position is summarized as follows:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>2013</u>
Cash	\$ 159,733	\$ 190,417	\$ (30,684)	\$ 181,823
Capital assets	431,664	450,342	(18,678)	492,218
Total assets	<u>591,397</u>	<u>640,759</u>	<u>(49,362)</u>	<u>674,041</u>
Unearned grant revenue	159,733	190,417	(30,684)	181,823
Compensated absences	7,548	11,709	(4,161)	12,321
Total liabilities	<u>167,281</u>	<u>202,126</u>	<u>(34,845)</u>	<u>194,144</u>
Net position:				
Invested in capital assets	431,664	450,342	(18,678)	492,218
Unrestricted	(7,548)	(11,709)	4,161	(12,321)
Total net position	<u>\$ 424,116</u>	<u>\$ 438,633</u>	<u>\$ (14,517)</u>	<u>\$ 479,897</u>

The two primary funding sources of KWSO are the CPB grants and Tribal transfers. For non-grant expenditures, the Tribe transfers funding as the cash flows are needed. Therefore, the only change in net position results from converting from modified accrual basis to full accrual.

KWSO RADIO

A Public Broadcasting Entity Operated by the
Confederated Tribes of the Warm Springs Reservation of Oregon

Management's Discussion and Analysis
Year ended December 31, 2015

	Change in Net Position			
	2015	2014	Increase (Decrease)	2013
Revenues:				
Program revenues:				
Charges for services	\$ 134,066	\$ 112,329	\$ 21,737	\$ 70,046
Restricted grants and in-kind support	106,539	85,453	21,086	87,155
General revenues:				
Spilyay rent	6,000	6,000	-	6,000
Donations	-	135	(135)	-
Grants not restricted to specific programs	197,126	200,975	(3,849)	157,961
Total revenues	<u>443,731</u>	<u>404,892</u>	<u>38,839</u>	<u>321,162</u>
Expenses:				
Programming and production	258,711	235,936	22,775	234,061
Broadcasting and engineering	8,239	44,804	(36,565)	24,845
Program information and promotion	1,025	1,313	(288)	741
Management and general	99,039	110,780	(11,741)	98,173
In-kind management and general	89,792	85,453	4,339	85,356
Underwriting and grant solicitation	17,873	-	17,873	997
Unallocated depreciation expense	18,678	18,678	-	18,678
Total expenses	<u>493,357</u>	<u>496,964</u>	<u>(3,607)</u>	<u>462,851</u>
Decrease in net position before transfers	(49,626)	(92,072)	42,446	(141,689)
Transfer in from general fund	35,109	50,808	(15,699)	97,094
Decrease in net position	(14,517)	(41,264)	26,747	(44,595)
Net position - beginning	438,633	479,897	(41,264)	524,492
Net position - ending	<u>\$ 424,116</u>	<u>\$ 438,633</u>	<u>\$ (14,517)</u>	<u>\$ 479,897</u>

KWSO staffing continued to downsize in 2015. The news director position was eliminated and morning news duties now fall under the responsibilities of the multimedia journalist position that KWSO shares with the Spilyay Tymoo newspaper. Afternoon newscasts were removed however locally produced news magazine segments remained. Our news focus continues to evolve in collaboration and coordination with the Spilyay Tymoo. News and information are shared on-air, in print and online through audio, written word and video.

The addition of a Development Director, courtesy of a foundation capacity building grant, allowed for additional planning and researching of potential funding sources, however did not contribute significantly to increased revenue in 2015. The effort to create more robust funding streams including: underwriting; grant funded projects; and capital campaigns will continue.

Space on KWSO's radio tower became available when another FM radio station vacated the site in 2015. KWSO successfully applied to the FCC to move our antenna up higher on the structure and will pursue funding for that purpose with a goal of moving up to improve our signal by 2017.

KWSO RADIO
A Public Broadcasting Entity Operated by the
Confederated Tribes of the Warm Springs Reservation of Oregon

Management's Discussion and Analysis
Year ended December 31, 2015

Capital Assets

There were no capital purchases in 2015. Decreases below result from depreciation of the existing assets.

Capital Assets (Net of depreciation)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Broadcasting and engineering equipment	\$ -	\$ -	\$ 23,198
Media Center building	431,664	450,342	469,020
	<u>\$ 431,664</u>	<u>\$ 450,342</u>	<u>\$ 492,218</u>

Additional information on KWSO's capital assets can be found in Note B.

Requests for Information

This financial report is designed to provide a general overview of KWSO's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Confederated Tribes of the Warm Springs Reservation of Oregon, P.O. Box C, Warm Springs, OR 97761.

BASIC FINANCIAL STATEMENTS

KWSO Radio
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2015

	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Assets:			
Cash	\$ 159,733	\$ -	\$ 159,733
Capital assets, net of accumulated depreciation	-	431,664	431,664
Total assets	\$ 159,733	431,664	591,397
Liabilities:			
Unearned grant revenue	159,733	-	159,733
Compensated absences	-	7,548	7,548
Total liabilities	159,733	7,548	167,281
Fund balance/Net position:			
Fund balances			
Unassigned	-	-	-
Total liabilities and fund balance	\$ 159,733		
Net position:			
Invested in capital assets		431,664	431,664
Unrestricted		(7,548)	(7,548)
Total net position		\$ 424,116	\$ 424,116

The accompanying notes are an integral part of these financial statements.

KWSO Radio
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2014

	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Assets:			
Cash	\$ 190,417	\$ -	\$ 190,417
Capital assets, net of accumulated depreciation	-	450,342	450,342
Total assets	\$ 190,417	450,342	640,759
 Liabilities:			
Unearned grant revenue	\$ 190,417	-	190,417
Compensated absences	-	11,709	11,709
Total liabilities	190,417	11,709	202,126
 Fund balance/Net position:			
Fund balances			
Unassigned	-	-	-
Total liabilities and fund balance	\$ 190,417		
 Net position:			
Invested in capital assets		450,342	450,342
Unrestricted		(11,709)	(11,709)
Total net position		\$ 438,633	\$ 438,633

The accompanying notes are an integral part of these financial statements.

KWSO Radio
Statement of Activities
Year Ended December 31, 2015

	<u>Program Revenues</u>			
	<u>Charges</u>	<u>Operating</u>		<u>Net Revenue</u>
	<u>for</u>	<u>Grants and</u>		<u>(Expenses)</u>
	<u>Services</u>	<u>Contributions</u>		<u>and Changes</u>
<u>Expenses</u>				<u>in Net Position</u>
Functions:				
Programming and production	\$ 258,711	\$ 84,880	\$ -	\$ (173,831)
Broadcasting and engineering	8,239	43,186		34,947
Program information and promotion	1,025	-	-	(1,025)
Management and general	99,039	6,000	-	(93,039)
In-kind management and general	89,792	-	89,792	-
Underwriting and grant solicitation	17,873	-	16,747	(1,126)
Unallocated - Media Center building: Depreciation expense	18,678	-	-	(18,678)
Total	<u>\$ 493,357</u>	<u>\$ 134,066</u>	<u>\$ 106,539</u>	<u>(252,752)</u>
General revenues:				
Community Service Grants from Corporation for Public Broadcasting				197,126
Spilyay rents				6,000
Transfer in from Tribe				<u>35,109</u>
Total general revenues and transfers				<u>238,235</u>
Change in net position				(14,517)
Net position, beginning of year				<u>438,633</u>
Net position, end of year				<u><u>\$ 424,116</u></u>

The accompanying notes are an integral part of these financial statements.

KWSO Radio
Statement of Activities
Year Ended December 31, 2014

	Expenses	Program Revenues		Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Functions:				
Programming and production	\$ 235,936	\$ 81,855	\$ -	\$ (154,081)
Broadcasting and engineering	44,804	24,474	-	(20,330)
Program information and promotion	1,313	-	-	(1,313)
Management and general	110,780	6,000	-	(104,780)
In-kind management and general	85,453	-	85,453	-
Unallocated - Media Center building: Depreciation expense	18,678	-	-	(18,678)
Total	\$ 496,964	\$112,329	\$ 85,453	(299,182)
General revenues:				
Community Service Grants from Corporation for Public Broadcasting				200,975
Donations				135
Spilyay rents				6,000
Transfer in from Tribe				50,808
Total general revenues and transfers				257,918
Change in net position				(41,264)
Net position, beginning of year				479,897
Net position, end of year				\$ 438,633

The accompanying notes are an integral part of these financial statements.

KWSO Radio
Statements of Revenues, Expenditures,
and Changes in Fund Balances
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
CPB grants	\$ 197,126	\$ 200,975
OCF grant	16,747	-
In-kind facilities and administrative services from Tribe	89,792	85,453
Underwriting	84,350	79,200
Tower leases	43,186	24,474
Spilyay rent	6,000	6,000
Tower management	6,000	6,000
Production revenue	-	2,375
Auction revenue	-	135
Memberships	530	280
	<u>443,731</u>	<u>404,892</u>
Expenditures:		
Program services:		
Programming and production	260,557	236,548
Broadcasting and engineering	8,239	21,607
Program information and promotion	1,025	1,313
	<u>269,821</u>	<u>259,468</u>
Support services:		
Management and general	101,355	110,779
Underwriting and grant solicitation	17,872	-
In-kind management and general	89,792	85,453
	<u>209,019</u>	<u>196,232</u>
Total expenditures	<u>478,840</u>	<u>455,700</u>
Excess of expenditures over revenues	(35,109)	(50,808)
Other financing sources:		
Transfer in from Tribe's general fund	35,109	50,808
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

KWSO Radio

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Net change in fund balance	\$ -	\$ -
Amounts reported on the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Current year depreciation expense	(18,678)	(41,876)
Changes in compensated absences are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	<u>4,161</u>	<u>612</u>
Change in net position of governmental activities	<u>\$ (14,517)</u>	<u>\$ (41,264)</u>

The accompanying notes are an integral part of these financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

KWSO Radio (KWSO) is licensed and operated by the Confederated Tribes of the Warm Springs Reservation of Oregon (Tribe). All amounts contained in this report are included in the audited financial statements of the Tribe.

Grant activities are accounted for as a program within the Tribe's special revenue fund, while non-grant activities are accounted for as a program within the Tribe's general fund. All activities have been combined in the accompanying financial statements. Accounting, administrative services, and facilities provided by the Tribe are reported as in-kind contributions and expenditures. All expenditures in excess of revenues are paid by the Tribe and reported as transfers in to KWSO. KWSO reports only current liabilities relating to grant expenditures, as all other liabilities are expected to be paid by the Tribe and are therefore included in the transfer in from the Tribe.

2. Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of KWSO have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The statement of net position and statement of activities are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund statements (balance sheet and statement of revenues, expenditures, and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 90 days.

3. Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. The estimates and assumptions affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Capital Assets

KWSO follows the Tribe's policy in defining capital assets as those with an initial, individual cost of \$5,000 or more and an estimated useful life extending beyond a single reporting period. Such assets are recorded at cost or, in the case of donated property, at its estimated fair value at date of receipt. KWSO uses the straight-line method to calculate depreciation over an estimated useful life of 5 years for equipment and 30 years for the Media Center building.

5. Compensated Absences

Employees of KWSO are employees of the Tribe. It is the Tribe's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Tribe does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the statement of net position and statement of activities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

6. Net Position

In the statement of net position, net position includes the following:

Invested in capital assets – this is the component of net position that reports capital assets less accumulated depreciation.

Restricted – The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation. KWSO has no restricted net position.

Unrestricted – The difference between the assets and liabilities that is not reported in *Invested in capital assets*, and *Restricted* net position.

7. Program Revenues and General Revenues

In the statement of activities, KWSO reports as program revenues, all revenues that derive directly from the program activities themselves, including charges for services in exchange transactions, as well as operating and capital grants that are restricted for particular uses or for capital purposes. Other grants and contributions that are not thus restricted – including Community Service Grants from the Corporation for Public Broadcasting – are reported as general revenues.

8. Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 369(k)(7). Each grant must be expended within two years of the initial grant authorization.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSG receipts are reported as unearned revenues until satisfaction of the time and purpose restrictions.

9. Expense Allocation

Expenses by function have been allocated among program and supporting service classifications on the basis of time records and on estimates made by KWSO management.

10. Budgetary Information

KWSO is a program within the Tribe's general and special revenue funds. Appropriations are not made at the program level and budgetary comparisons are not presented in the financial statements.

NOTE B - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Broadcasting and engineering equipment	\$ 314,453	\$ -	\$ -	\$ 314,453
Media Center building	560,344	-	-	560,344
Total capital assets being depreciated	<u>874,797</u>	<u>-</u>	<u>-</u>	<u>874,797</u>
Less accumulated depreciation:				
Broadcasting and engineering equipment	(314,453)	-	-	(314,453)
Media Center building	<u>(110,002)</u>	<u>(18,678)</u>	<u>-</u>	<u>(128,680)</u>
Total accumulated depreciation	<u>(424,455)</u>	<u>(18,678)</u>	<u>-</u>	<u>(443,133)</u>
Capital assets, net	<u>\$ 450,342</u>	<u>\$ (18,678)</u>	<u>\$ -</u>	<u>\$ 431,664</u>

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Broadcasting and engineering equipment	\$ 314,453	\$ -	\$ -	\$ 314,453
Media Center building	560,344	-	-	560,344
Total capital assets being depreciated	<u>874,797</u>	<u>-</u>	<u>-</u>	<u>874,797</u>
Less accumulated depreciation:				
Broadcasting and engineering equipment	(291,255)	(23,198)	-	(314,453)
Media Center building	<u>(91,324)</u>	<u>(18,678)</u>	<u>-</u>	<u>(110,002)</u>
Total accumulated depreciation	<u>(382,579)</u>	<u>(41,876)</u>	<u>-</u>	<u>(424,455)</u>
Capital assets, net	<u>\$ 492,218</u>	<u>\$ (41,876)</u>	<u>\$ -</u>	<u>\$ 450,342</u>

NOTE C – TOWER LEASES

KWSO leases excess capacity on its transmitter under two long-term agreements expiring in 2020 and 2021. Revenue from the two leases was \$43,185 in 2015 and \$24,474 in 2014 and is indexed to the CPI.

NOTE D - EMPLOYEE PENSION PLAN

Eligible employees participate in a defined contribution retirement plan maintained by the Tribe. All employees age 18 and over are eligible to participate in the plan after completing one year of service. The authority to establish or amend the Employees Pension Plan rests solely with the Tribal Council. Tribal Council determines the annual discretionary contribution to the plan, which was 5% in 2014 and 2013. The plan administrator is the Pension Committee, appointed by Tribal Council. Discretionary employer contributions are allocated to employees who have at least 1,000 hours of service during the plan year. Employees may defer up to 100% of compensation during the plan year as limited by IRS regulation. The employer matches 100% of employee contributions, up to 4% of each eligible participant's compensation. Vesting of employer matching contributions occurs immediately; vesting of nonelective discretionary contributions occurs fully after the participant completes three years of service. Pension contributions by KWSO for 2015 and 2014 were \$13,208 and \$12,195, respectively.

NOTE E - GRANTS

KWSO receives a Community Service Grant from the Corporation for Public Broadcasting annually. KWSO also receives other CPB grants. Grant funds received and expended during the most recent fiscal years were as follows:

Spending period	Oregon Community Foundation	Community Service Grants			CPB Fiscal Stabilization
	11/5/2015 - 11/6/2016	10/1/2013 - 9/30/2015	10/1/2014 - 9/30/2016	10/1/2015 - 9/30/2017	
Total Award	\$ 50,000	\$ 184,143	\$ 167,758	\$ 160,787	\$ 15,129
Grant payments received:					
2010	-	-	-	-	\$ 15,129
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	132,666	-	-	-
2014	30,000	51,477	128,092	-	-
2015	20,000	-	39,666	123,524	-
Total receipts	\$ 50,000	\$ 184,143	\$ 167,758	\$ 123,524	\$ 15,129
Grant expenditures:					
2010	\$ -	\$ -	\$ -	\$ -	\$ 11,598
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	155,349	-	-	-
2015	16,747	28,794	167,758	575	-
Total expenditures	16,747	\$ 184,143	\$ 167,758	\$ 575	\$ 11,598
Unearned revenue	\$ 33,253	\$ -	\$ -	\$ 122,949	\$ 3,531

NOTE F - RISK MANAGEMENT

KWSO is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Settlement amounts have not exceeded coverage for the current year or the three prior years.

KWSO participates in the Tribe's limited risk management programs for workers' compensation, group benefits, state unemployment and employment practices. Premiums are assessed based on KWSO's payroll costs. The Tribe retains all risk.

NOTE G – TRANSACTIONS WITH OTHER TRIBAL DEPARTMENTS AND ENTERPRISES

1. Media Center

The Spilyay Tymoo, the Tribe's biweekly newspaper, shares approximately 17% of the building space. The Spilyay pays KWSO monthly rent of \$500 for its share of the building and related costs.

2. Tower management

KWSO manages the Tribe's tower assets on behalf of Warm Springs Telecommunications Company, a component unit of the Tribe. KWSO received \$6,000 in 2015 and 2014 for these services.

NOTE G – TRANSACTIONS WITH OTHER TRIBAL DEPARTMENTS AND ENTERPRISES (continued)

3. No-cost services

KWSO receives various services from the Tribe at no cost, including: water, sewer and sanitation services; accounting and payroll services, and; police and fire protection. The Tribe also pays all insurance costs for KWSO. These services are reported as a contribution of in-kind management and general in the Statement of Activities. The value of these services, based on the Tribe's negotiated indirect cost rate, was \$89,792 for 2015 (\$85,453 for 2014).

COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

KWSO Radio
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Year ended December 31, 2015

	Non-Grant Activities	Grant Activities	Total
Revenues:			
CPB grants	\$ -	\$ 197,126	\$ 197,126
OCF grant		16,747	16,747
In-kind facilities and administrative services from Tribe	89,792	-	89,792
Underwriting	84,350	-	84,350
Tower leases	43,186	-	43,186
Spilyay rent	6,000	-	6,000
Tower management	6,000	-	6,000
Production revenue	-	-	-
Donations	-	-	-
Memberships	530	-	530
	<u>229,858</u>	<u>213,873</u>	<u>443,731</u>
Total revenues			
Expenditures:			
Program services:			
Programming and production	101,443	159,114	260,557
Broadcasting and engineering	2,005	6,234	8,239
Program information and promotion	-	1,025	1,025
	<u>103,448</u>	<u>166,373</u>	<u>269,821</u>
Total program services			
Support services:			
Management and general	71,370	29,985	101,355
Underwriting and grant solicitation	357	17,515	17,872
In-kind management and general	89,792	-	89,792
	<u>161,519</u>	<u>47,500</u>	<u>209,019</u>
Total support services			
	<u>264,967</u>	<u>213,873</u>	<u>478,840</u>
Total expenditures			
Excess of expenditures over revenues	(35,109)	-	(35,109)
Other financing sources:			
Transfer in from Tribe	35,109	-	35,109
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances			
Fund balances at beginning of year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KWSO Radio
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Year ended December 31, 2014

	Non-Grant Activities	Grant Activities	Total
Revenues:			
CPB grants	\$ -	\$ 200,975	\$ 200,975
In-kind facilities and administrative services from Tribe	85,453	-	85,453
Underwriting	79,200	-	79,200
Tower leases	24,474	-	24,474
Spilyay rent	6,000	-	6,000
Tower management	6,000	-	6,000
Production revenue	2,375	-	2,375
Donations	135	-	135
Memberships	280	-	280
Total revenues	203,917	200,975	404,892
Expenditures:			
Program services:			
Programming and production	87,294	149,254	236,548
Broadcasting and engineering	11,349	10,258	21,607
Program information and promotion	-	1,313	1,313
Total program services	98,643	160,825	259,468
Support services:			
Management and general	70,629	40,150	110,779
In-kind management and general	85,453	-	85,453
Total support services	156,082	40,150	196,232
Total expenditures	254,725	200,975	455,700
Excess of expenditures over revenues	(50,808)	-	(50,808)
Other financing sources:			
Transfer in from Tribe	50,808	-	50,808
Net change in fund balances	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>