

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

Financial Statements and  
Independent Auditor's Report

August 31, 2020

**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, 2020, 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, 2020, 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 October 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019 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*

Donham & Associates, CPA, LLC  
Albuquerque, NM  
December 29, 2020



**LAKOTA COMMUNICATIONS, INC.**  
**(d/b/a KILI Radio)**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2020**

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current Assets		
Cash and Cash Equivalents	\$ 330,665	\$ 190,935
Inventory	511	665
Total Current Assets	<u>331,176</u>	<u>191,600</u>
Property and Equipment, net	196,817	203,768
Total Assets	<u><u>\$ 527,993</u></u>	<u><u>\$ 395,368</u></u>
 <u>Liabilities</u>		
Current Liabilities		
Accrued Payroll and Benefits	<u>\$ 650</u>	<u>\$ 577</u>
Total Current Liabilities	650	577
Notes Payable	<u>32,075</u>	<u>-</u>
Total Liabilities	<u><u>32,725</u></u>	<u><u>577</u></u>
 <u>Net Assets</u>		
Unrestricted	495,268	394,791
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	<u>495,268</u>	<u>394,791</u>
Total Liabilities and Net Assets	<u><u>\$ 527,993</u></u>	<u><u>\$ 395,368</u></u>

See accompanying notes to financial statements.

**LAKOTA COMMUNICATIONS, INC.**  
**(d/b/a KILI Radio)**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2020**

	<u>2020</u>	<u>2019</u>
Revenues and Other Support		
CPB Grants and Contributions	\$ 270,465	\$ 165,283
Other Grants and Contributions	-	40,639
Donations and Contributions	102,168	172,979
Other Income	10,124	9,311
Total Revenues and Other Support	<u>382,757</u>	<u>388,212</u>
Operating Expenses		
Salaries and Benefits	174,359	148,756
Travel and Meetings	25,209	32,233
Supplies	1,417	2,435
Repairs and Maintenance	7,318	3,370
Telecommunications	13,857	10,849
Utilities	11,805	11,984
Other Expenses	-	3,757
Depreciation	16,390	15,348
Insurance	12,134	1,764
Contractual Services	13,050	14,776
Postage and Printing	365	240
Advertising	4,621	4,451
Dues & Subscriptions	1,755	669
Total Operating Expenses	<u>282,280</u>	<u>250,632</u>
Income (loss) from Operations	<u>100,477</u>	<u>137,580</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	100,477	137,580
Increase (Decrease) in Temporarily Restricted Net Assets	-	-
Increase (Decrease) in Permanently Restricted Net Assets	-	-
Increase (Decrease) in Net Assets	100,477	137,580
Net Assets (deficit), Beginning of Year	<u>394,791</u>	<u>257,211</u>
Net Assets (deficit), End of Year	<u>\$ 495,268</u>	<u>\$ 394,791</u>

See accompanying notes to financial statements.

**LAKOTA COMMUNICATIONS, INC.**  
**(d/b/a KILI Radio)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2020**

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 100,477	\$ 137,580
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (used in) Operating Activities:		
Depreciation	16,390	15,348
Changes in Assets and Liabilities:		
(Increase) Decrease in Inventory	154	450
Increase (Decrease) in Accounts Payable	-	(5,104)
Increase (Decrease) in Payroll Liabilities	73	547
Increase (Decrease) in Notes Payable	32,075	-
Net Cash Provided by (used in) Operating Activities	<u>149,169</u>	<u>148,821</u>
 <u>Cash Flows from Investing Activities</u>		
Purchases of Equipment	<u>(9,439)</u>	<u>(88,451)</u>
Net Cash Provided by (used in) Investing Activities	<u>(9,439)</u>	<u>(88,451)</u>
 Net Increase (Decrease) In Cash	139,730	60,370
 Cash, Beginning of Year	<u>190,935</u>	<u>130,565</u>
 Cash, End of Year	<u>\$ 330,665</u>	<u>\$ 190,935</u>

See accompanying notes to financial statements.



**LAKOTA COMMUNICATIONS, INC.**  
**(d/b/a KILI Radio)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020**

**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 no temporarily restricted net assets at August 31, 2020 or 2019.
- *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, 2020 or 2019.

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, 2020**

**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

Subsequent events were evaluated through December 29, 2020, the date which the financial statements were available to be issued. The IRS revoked the organization's tax-exempt status effective January 15, 2012, for failure to file their annual return of organization exempt from income tax (Form 990) for three consecutive years. The Station's non-profit status was reinstated effective November 3, 2016.

**LAKOTA COMMUNICATIONS, INC.**  
**(d/b/a KILI Radio)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020**

**Note 2 – Property and Equipment**

Property and equipment consist of the following at August 31:

	FY 2020	FY 2019
Buildings and Improvements	\$ 64,345	\$ 64,345
Equipment	847,362	837,923
Furniture and Fixtures	29,580	29,580
Total Depreciable Property and Equipment	<u>941,287</u>	<u>931,848</u>
Less Accumulated Depreciation	<u>(744,470)</u>	<u>(728,080)</u>
Total Depreciable Property and Equipment, Net	196,817	203,768
Construction in Progress	-	-
Total Property and Equipment, Net	<u><u>\$196,817</u></u>	<u><u>\$203,768</u></u>

## **SUPPLEMENTAL INFORMATION**

**LAKOTA COMMUNICATIONS, INC.**  
**(d/b/a KILI Radio)**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2020**

	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
Other Expenses	-	-	-	-	-	-
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

**LAKOTA COMMUNICATIONS, INC.**  
**(d/b/a KILI Radio)**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2020**

	2019 Program Services				2019 Supporting Services	
	Programming & Production	Broadcasting & Engineering	Program Information & Promotion	Total	Management & General	Totals
Salaries and Benefits	\$ 36,504	\$ 38,305	\$ 26,850	\$ 101,659	\$ 47,097	\$ 148,756
Travel and Meetings	7,910	8,300	5,818	22,028	10,205	32,233
Supplies	598	627	440	1,664	771	2,435
Repairs and Maintenance	-	-	-	-	3,370	3,370
Telecommunications	2,662	2,794	1,958	7,414	3,435	10,849
Utilities	2,941	3,086	2,163	8,190	3,794	11,984
Other Expenses	922	967	678	2,568	1,189	3,757
Depreciation	7,674	7,674	-	15,348	-	15,348
Insurance	433	454	318	1,206	558	1,764
Contractual Services	3,626	3,805	2,667	10,098	4,678	14,776
Postage and Printing	59	62	43	164	76	240
Advertising	1,092	1,146	803	3,042	1,409	4,451
Dues & Subscriptions	164	172	121	457	212	669
Total	\$ 64,585	\$ 67,392	\$ 41,860	\$ 173,837	\$ 76,795	\$ 250,632