

KOJB Radio Station

**(A Public Telecommunications Department
of the Leech Lake Band of Ojibwe)**

Financial Report
June 30, 2021

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RSM US LLP

Independent Auditor's Report

Members of the Reservation Tribal Council
KOJB Radio Station

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of KOJB Radio Station, a department of the Leech Lake Band of Ojibwe, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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 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 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 the major fund of KOJB Radio Station as of June 30, 2021 and 2020, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only KOJB Radio Station, a department of the Leech Lake Band of Ojibwe, and do not purport to, and do not, present the financial statements of the entire organization of the Leech Lake Band of Ojibwe. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise KOJB Radio Station's basic financial statements. The combining schedule of revenues, expenditures and changes in fund balance by source of funds, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The combining schedule of revenues, expenditures and changes in fund balance by source of funds 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 combining schedule of revenues, expenditures and changes in fund balance by source of funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Duluth, Minnesota
February 12, 2022

**KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)**

**Management's Discussion and Analysis
Years Ended June 30, 2021 and 2020**

Introduction and Reporting Entity

Management's discussion and analysis (MD&A) is an overview of the financial position and activities of KOJB Radio Station (KOJB), a public telecommunications department of the Leech Lake Band of Ojibwe. Financial statements for KOJB include all the financial activity of KOJB for the years ended June 30, 2021 and 2020.

Management of KOJB has prepared the following discussion. Readers should also review the independent auditor's report along with the financial statements and related notes, which follow this section, to enhance their understanding of KOJB's performance.

Overview of the Financial Statements

KOJB Radio Station's financial report consists of a series of financial statements and notes to the financial statements. The Governmental Accounting Standards Board (GASB) sets the presentation standards of financial statements and note disclosures for activities of state and local governments.

Department-Wide Statements

The department-wide financial statements and the fund financial statements are the basic financial statements under the reporting standards of the GASB. Financial information reported in the department-wide financial statements uses the full-accrual method of accounting. Revenues are recognized when they are earned, and expenditures are recognized when they are incurred.

The department-wide financial statements present the financial activity of KOJB, a public telecommunications department of the Leech Lake Band of Ojibwe (the Band). The financial statements of KOJB consist of the following:

- Department-wide statement of net position and statement of activities
- For the governmental fund, a balance sheet; a reconciliation of the fund balance sheet to the department-wide statement of net position; a statement of revenues, expenditures and changes in fund balance; and a reconciliation of the fund statement of revenues, expenditures and changes in fund balance to the department-wide statement of activities

The department-wide statement of net position includes assets, liabilities and net position as of June 30, 2021. The statement lists capital assets of buildings, improvements and equipment of \$450,429, net of accumulated depreciation. Net position increased during fiscal year 2021 from \$720,443 to \$991,445.

The department-wide statement of activities lists expenses by function. Revenues are listed by source. If there are grants and contributions not restricted to a specific program or function, those amounts are reflected as general revenues.

**KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)**

**Management’s Discussion and Analysis
Years Ended June 30, 2021 and 2020**

Operating Fund Statements

Financial data presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance use the modified-accrual method of accounting. Revenues are recognized when they are measurable and available, and expenditures are recognized when they are incurred. However, capital assets of buildings, improvements and equipment are not presented in the balance sheet, and depreciation is not presented in the statement of revenues, expenditures and changes in fund balance.

The operating fund financial statements focus on how money flows in and out of funds and the balances left at year-end that are available for future spending.

Condensed Financial Information

The following table illustrates KOJB’s components of net position as of June 30, 2021, 2020 and 2019:

Condensed Statements of Net Position—Governmental Activities

	June 30		
	2021	2020	2019
Current and other assets	\$ 649,827	\$ 276,244	\$ 348,760
Capital assets, net	450,429	468,419	495,477
Total assets	<u>\$ 1,100,256</u>	<u>\$ 744,663</u>	<u>\$ 844,237</u>
Current liabilities	108,811	24,220	36,204
Total liabilities	<u>108,811</u>	<u>24,220</u>	<u>36,204</u>
Net position:			
Net investment in capital assets	450,429	468,419	495,477
Restricted for Corporation for Public Broadcasting	239,447	195,347	221,031
Unrestricted	301,569	56,677	91,525
Total net position	<u>991,445</u>	<u>720,443</u>	<u>808,033</u>
Total liabilities and net position	<u>\$ 1,100,256</u>	<u>\$ 744,663</u>	<u>\$ 844,237</u>

The increase in current and other assets at June 30, 2021, is largely due to an increase in unspent American Rescue Plan Act Stabilization (ARPA) grant proceeds of \$221,702. The increase in current liabilities at June 30, 2021, is largely due to an increase in amounts due to the Band due to timing of payments between KOJB and other departments of the Band.

The decrease in current and other assets at June 30, 2020, is largely due to a biyearly legacy grant receivable of \$92,555 at June 30, 2019, which is offset by \$44,971 of unspent Coronavirus Aid, Relief, and Economic Security Act (CARES Act) grant proceeds in 2020.

**KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)**

**Management's Discussion and Analysis
Years Ended June 30, 2021 and 2020**

The following table illustrates the changes in net position for the fiscal years ended June 30, 2021, 2020 and 2019:

Condensed Statements of Activities

	Years Ended June 30		
	2021	2020	2019
Operating grants and contributions	\$ 430,843	\$ 304,205	\$ 284,294
Underwriting and tower rental revenues	110,015	94,103	121,662
Total support and revenues	<u>540,858</u>	<u>398,308</u>	<u>405,956</u>
Programming and production	315,013	378,432	363,526
General and administrative	66,210	80,408	65,672
Public safety	-	-	6,759
Depreciation	29,326	27,058	31,148
Total expenses	<u>410,549</u>	<u>485,898</u>	<u>467,105</u>
Change in net position before transfers	130,309	(87,590)	(61,149)
Other financing sources:			
Appropriation from Band	140,693	-	30,252
Insurance proceeds	-	-	22,725
Total other financing sources	<u>140,693</u>	<u>-</u>	<u>52,977</u>
Change in net position	271,002	(87,590)	(8,172)
Net position, beginning of year	720,443	808,033	816,205
Net position, end of year	<u>\$ 991,445</u>	<u>\$ 720,443</u>	<u>\$ 808,033</u>

2021 Financial Highlights

The Corporation for Public Broadcasting (CPB) continued to provide funding to KOJB during 2021 through its grant program. Other grant revenue increased as compared to 2020 due to a \$221,702 ARPA grant received in 2021. Underwriting and tower rental revenues increased as compared to 2020 due to increase in underwriting fees.

Programming and production expenses in 2021 decreased as compared to 2020 due to a decrease in payroll expenses due to decrease in employees in the department.

**KOJB Radio Station
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**Management's Discussion and Analysis
Years Ended June 30, 2021 and 2020**

2020 Financial Highlights

The CPB continued to provide funding to KOJB during 2020 through its grant program. Grants from the State of Minnesota are split evenly among grant-eligible stations. 2020 state grant revenue recognized by KOJB decreased as compared to 2019 due to a biyearly legacy grant received in 2019. Other grant revenue increased as compared to 2019 due to a \$112,136 CARES Act grant received in 2020. Underwriting and tower rental revenues decreased as compared to 2019 due to reduction in underwriting fees.

Programming and production expenses in 2020 increased as compared to 2019 due to an increase in payroll-related expenses for hazard pay during the COVID-19 pandemic.

Capital Assets

Capital assets are presented net of depreciation in the financial statements. A reconciliation of fiscal year capital asset activity for the years ended June 30, 2021, 2020 and 2019, is provided below:

Capital assets purchased	\$ 11,336	\$ -	\$ 22,725
Less depreciation expense	(29,326)	(27,058)	(31,148)
	<u>\$ (17,990)</u>	<u>\$ (27,058)</u>	<u>\$ (8,423)</u>

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations and taxpayers with a general overview of KOJB Radio Station's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format. Additional details can be requested by email at businessmanager@kojb.org or by mail at the following address:

KOJB Radio Station
190 Sailstar Drive NW
Cass Lake, MN 56633

KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)

Governmental Fund Balance Sheets and Statements of Net Position
June 30, 2021 and 2020

	2021		
	Governmental Fund Balance Sheet	Adjustments	Department-Wide Statement of Net Position
Assets			
Cash	\$ 559,332	\$ -	\$ 559,332
Receivables	87,495	-	87,495
Prepaid expenses	3,000	-	3,000
Due from the Band	-	-	-
Capital assets, net	-	450,429	450,429
Total assets	\$ 649,827	\$ 450,429	\$ 1,100,256
Liabilities			
Liabilities:			
Accounts payable	\$ 33,004	\$ -	\$ 33,004
Accrued salary and benefits	14,373	-	14,373
Due to the Band	61,434	-	61,434
Total liabilities	108,811	\$ -	\$ 108,811
Fund Balance/Net Position			
Fund balance:			
Nonspendable	3,000		
Restricted for CPB grants	239,447		
Unassigned	298,569		
Total fund balance	541,016		
Total liabilities and fund balance	\$ 649,827		
Net position:			
Net investment in capital assets		\$ 450,429	\$ 450,429
Restricted for CPB		-	239,447
Unrestricted		-	301,569
Total net position		\$ 450,429	\$ 991,445

See notes to financial statements.

2020

Governmental Fund Balance Sheet	Adjustments	Department-Wide Statement of Net Position
\$ 210,619	\$ -	\$ 210,619
33,054	-	33,054
5,296	-	5,296
27,275	-	27,275
-	468,419	468,419
\$ 276,244	\$ 468,419	\$ 744,663

\$ 6,125	\$ -	\$ 6,125
18,095	-	18,095
-	-	-
24,220	\$ -	\$ 24,220

5,296
195,347
51,381
252,024
\$ 276,244

\$ 468,419	\$ 468,419
-	195,347
-	56,677
\$ 468,419	\$ 720,443

KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)

**Governmental Fund Statements of Revenues, Expenditures and Changes in Fund Balance and
Statements of Activities**
Years Ended June 30, 2021 and 2020

	2021		
	Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Department-Wide Statement of Activities
Support and revenues:			
Support:			
State grants	\$ 29,941	\$ -	\$ 29,941
Other grants	400,902	-	400,902
Revenues:			
Underwriting	49,380	-	49,380
Tower rental	60,635	-	60,635
Total support and revenues	540,858	-	540,858
Expenditures/expenses:			
Program services:			
Programming and production	315,013	-	315,013
Total program services	315,013	-	315,013
Support services:			
General and administrative	66,210	-	66,210
Total support services	66,210	-	66,210
Capital outlay/depreciation	11,336	17,990	29,326
Total expenditures/expenses	392,559	17,990	410,549
Excess (deficiency) of support and revenues over expenditures/expenses before other financing sources	148,299	(17,990)	130,309
Other financing sources:			
Appropriation from Band	140,693	-	140,693
Total other financing sources	140,693	-	140,693
Change in fund balance/net position	288,992	(17,990)	271,002
Fund balance/net position, beginning of year	252,024	468,419	720,443
Fund balance/net position, end of year	\$ 541,016	\$ 450,429	\$ 991,445

See notes to financial statements.

2020

Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Department-Wide Statement of Activities
\$ 29,859	\$ -	\$ 29,859
274,346	-	274,346
33,967	-	33,967
60,136	-	60,136
398,308	-	398,308
378,432	-	378,432
378,432	-	378,432
80,408	-	80,408
80,408	-	80,408
-	27,058	27,058
458,840	27,058	485,898
(60,532)	(27,058)	(87,590)
-	-	-
-	-	-
(60,532)	(27,058)	(87,590)
312,556	495,477	808,033
\$ 252,024	\$ 468,419	\$ 720,443

**KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity: KOJB Radio Station (KOJB) is a public telecommunications department of the Leech Lake Band of Ojibwe (the Band). KOJB's primary functions are to promote, establish and provide public broadcasting and other noncommercial educational telecommunications services. These financial statements present only KOJB Radio Station, a department of the Band, and do not purport to, and do not, present the financial statements of the entire organization of the Band. KOJB is accounted for within the Band's General Fund.

Basis of presentation: The financial statements of KOJB have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The financial report includes two separate sets of financial statements, the department-wide financial statements and the fund financial statements.

Measurement focus and basis of accounting: Measurement focus refers to the kinds of transactions that are recognized within the various financial statements. In the department-wide statements, KOJB uses an economic resources measurement focus. The reporting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Department-wide equity is classified as net position. In the governmental fund statements, the focus is on sources, uses and balances of current financial resources.

Basis of accounting refers to when transactions are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements regardless of the measurements made and the measurement focus applied. KOJB uses the following as its basis of accounting:

1. Accrual basis—Governmental-type activities are presented in the department-wide financial statements on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.
2. Modified accrual basis—In the governmental fund financial statements, the activities are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined, and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year period is used for recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred and due.

The measurement focus, basis of accounting and basis of presentation differ between the department-wide financial statements and the fund financial statements. As a department engaged in a single governmental program, the department-wide statements and the fund financial statements have been combined in one financial statement. An adjustments column reflects the following differences between the two types of financial statements:

- Governmental funds report capital outlays as expenditures. Capital assets are reported in the statement of net position at historical cost, and in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Receivables: Receivables arise mainly from unreimbursed grant expenditures and from underwriting purchased by third parties in the ordinary course of business. Receivables are stated net of allowances for uncollectible accounts. There were no uncollectible accounts as of June 30, 2021 and 2020.

**KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: KOJB records buildings, improvements and equipment with an initial, individual cost of more than \$5,000 and an estimated life of two or more years. Such assets are recorded at historical cost. Donated assets are recorded at estimated fair value at the date of receipt. KOJB uses the straight-line method to calculate depreciation over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	40
Towers and transmission equipment	20
Equipment	5

Compensated absences: Certain hourly employees do not receive vacation leave. For other employees, vacation leave is earned at rates dependent on the length of employment and can be accumulated to a specified maximum number of days. Employees of KOJB are considered employees of the Band for purposes of determining benefits, and the ultimate liability for payment of these benefits remains with the Band. The Band does not determine the liability for the individual activities within the Band's funds.

Fund balances: In the fund financial statements, fund balances classified as restricted are amounts that are restricted to specific purposes that are externally imposed by grantors, contributors, or laws or regulations of other governments. Committed fund balances are amounts that can only be used for specific purposes with constraints imposed by formal action of the Band's Reservation Business Committee. Assigned fund balances are amounts that are constrained by the Band's intent to be used for specific purposes, but are neither restricted nor committed as determined by management based on the Band's Reservation Business Committee direction. Nonspendable fund balances consist of balances that are either not in spendable form or are legally or contractually required to be maintained intact. It is KOJB's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balances can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balances. Unassigned fund balances are applied last.

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

Net investment in capital assets: This is the component of net position that reports capital assets less accumulated depreciation.

Restricted net position: Restricted net position is the component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation. Unspent grants awards received from the CPB are reflected as restricted net position. At June 30, 2021 and 2020, there was \$239,447 and \$195,347, respectively, of restricted net position.

Unrestricted net position: Unrestricted net position is the difference between the assets and liabilities that is not reported in net investment in capital assets and restricted assets.

It is KOJB's policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

**KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Support: A one-year availability period is used for revenue recognition for all governmental fund revenue. In determining when to recognize grant revenue, the legal and contractual requirements of the individual grant programs are used as guidance. There are, however, essentially two bases for this revenue recognition. In one, amounts must be expended on the specific purpose or project before any amounts will be paid to KOJB; therefore, revenues are recognized based upon the expenditures recorded. In the other, amounts are virtually unrestricted and revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability.

Revenues: KOJB reports as revenues all revenues that derive directly from the department activities themselves, including underwriting and tower rental revenues, as well as operating and capital grants and contributions that are restricted for particular uses or for capital purposes. Underwriting revenues are contributions given to KOJB primarily to finance specific programming or activities.

Other financing sources: Band appropriations are recorded as transfers in the statement of activities and the statement of revenues, expenditures and changes in fund balance when received from the Band.

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. The 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 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs 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.

For the years ended June 30, 2021 and 2020, KOJB recognized support revenue of \$179,200 and \$162,210, respectively, from its CSG from the CPB.

General and administrative support: Indirect support from the Band consists of allocated institutional support provided by various other divisions of the Band from which KOJB receives benefits. The fair value of this support is recognized in the statement of activities as general and administrative support. For the years ended June 30, 2021 and 2020, indirect support of \$66,210 and \$68,176, respectively, was charged to KOJB using the Leech Lake Band of Ojibwe's indirect cost rate. Indirect support amounts are paid by KOJB to the Leech Lake Band of Ojibwe.

Operating leases: KOJB leases tower space for a transmitting antenna from a third party under a lease agreement. The lease is accounted for as an operating lease with a term of five years, with an additional renewal option.

**KOJB Radio Station
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Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of the accompanying financial statements in conformity with U.S. GAAP 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 date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Receivables

Receivables consisted of the following at June 30, 2021 and 2020:

	2021	2020
Underwriting and tower rental	\$ 57,755	\$ 3,390
Grants	29,740	29,664
	<u>\$ 87,495</u>	<u>\$ 33,054</u>

Note 3. Deposits

KOJB's deposits are pooled with the Band's deposits. The Band's treasury is responsible for the treasury function of all the Band's deposits and investments held by its funds. Detailed information about the Band's deposits with financial institutions and management of investment risk can be obtained directly from the Band's 2021 financial statements. The Band's bank balances at June 30, 2021 and 2020, are either entirely insured or collateralized with securities.

Note 4. Capital Assets

A summary of changes in capital assets for the years ended June 30, 2021 and 2020, is as follows:

	June 30, 2020			June 30, 2021
	Beginning			Ending
	Balance	Additions	Reductions	Balance
Buildings and building improvements	\$ 445,664	\$ -	\$ -	\$ 445,664
Tower transmission equipment	185,660	-	-	185,660
Equipment	178,629	11,336	(7,077)	182,888
Total	<u>809,953</u>	<u>11,336</u>	<u>(7,077)</u>	<u>814,212</u>
Less accumulated depreciation:				
Buildings and building improvements	(97,403)	(11,142)	-	(108,545)
Tower transmission equipment	(81,226)	(9,283)	-	(90,509)
Equipment	(162,905)	(8,901)	7,077	(164,729)
Total	<u>(341,534)</u>	<u>(29,326)</u>	<u>7,077</u>	<u>(363,783)</u>
Capital assets, net	<u>\$ 468,419</u>	<u>\$ (17,990)</u>	<u>\$ -</u>	<u>\$ 450,429</u>

**KOJB Radio Station
(A Public Telecommunications Department of the Leech Lake Band of Ojibwe)**

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	June 30, 2019			June 30, 2020
	Beginning		Reductions	Ending
	Balance	Additions		Balance
Buildings and building improvements	\$ 445,664	\$ -	\$ -	\$ 445,664
Tower transmission equipment	185,660	-	-	185,660
Equipment	178,629	-	-	178,629
Total	809,953	-	-	809,953
Less accumulated depreciation:				
Buildings and building improvements	(86,261)	(11,142)	-	(97,403)
Tower transmission equipment	(71,943)	(9,283)	-	(81,226)
Equipment	(156,272)	(6,633)	-	(162,905)
Total	(314,476)	(27,058)	-	(341,534)
Capital assets, net	\$ 495,477	\$ (27,058)	\$ -	\$ 468,419

Note 5. Related-Party Transactions

KOJB uses towers that are owned by the Band. The Band allows KOJB to recognize tower rental revenues, which were \$60,635 and \$60,136 for the years ended June 30, 2021 and 2020, respectively.

KOJB recognized underwriting and tower rental revenue from certain related parties for the years ended June 30, 2021 and 2020, as follows:

	2021	2020
Leech Lake Casinos	\$ 10,800	\$ 24,620
Leech Lake Band of Ojibwe	21,135	32,345
	\$ 31,935	\$ 56,965

Note 6. Pension Plan Administered by the Public Employees Retirement Board

Through the Leech Lake Band of Ojibwe, KOJB participates in the Band's 401(k) defined contribution plan that covers substantially all Band employees. Full-time employees are eligible to participate in the plan after six months of employment. The Band contributes 4% of gross annual wages to the plan for each employee. Employees may also make a tax-deferred contribution up to 15% of gross annual wages. Employees become 20% vested in the employer contributions after two years of service, 40% vested after three years of service, and fully vested after completion of four years of service. Contributions of \$7,078 and \$8,761, respectively, were made on eligible salaries of \$176,955 and \$219,027, respectively, for the years ended June 30, 2021 and 2020.

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Notes to Financial Statements

Note 7. Nonfederal Financial Support (NFFS)

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A contribution is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) The source may be any entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio programming and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

A payment is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) The source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for KOJB was \$220,014 and \$63,826, respectively, for the years ended June 30, 2021 and 2020.

Note 8. Risk Management

KOJB participates in the following Leech Lake Band of Ojibwe insurance programs:

Property and liability insurances: The Band is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Self-insurance programs: The Leech Lake Reservation Tribal Council established the self-insurance programs for medical benefits, workers' compensation and unemployment insurance, which are administered by the Leech Lake Reservation Tribal Council.

Note 9. Lease

KOJB leases tower space for a transmitting antenna from a third party under a lease agreement. The lease is accounted for as an operating lease, which had an original term of five years that is currently on a year-to-year renewal. Total costs for the lease was \$3,000 for the year ended June 30, 2021. There are no future minimum lease payments for this lease, as KOJB renews annually.

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Notes to Financial Statements

Note 10. Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by KOJB. Listed below is the statement that may impact future financial statements of KOJB.

GASB Statement No. 87, *Leases*, will be effective for KOJB beginning with its year ending June 30, 2023. This statement addresses the information needs of financial users by improving financial and accounting reporting for leases by governments.

KOJB's management has not yet determined the effect this statement will have on the financial statements.

Note 11. Subsequent events and COVID-19 Implications

Management has evaluated subsequent events through February 12, 2022, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. Although KOJB's services and programs have not been reduced or suspended due to the pandemic as of the date of this report, the operations of KOJB could be impacted by the regional and global outbreak of COVID-19. Any quarantines, labor shortages or other disruptions to KOJB's operations may impact KOJB's revenues, ability to provide its services, and operating results. The extent to which the COVID-19 pandemic impacts KOJB's future financial statements will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance by Source of Funds
Year Ended June 30, 2021

	Restricted Radio CSG	Unrestricted Radio CSG	Other CPB Funds	Non-CPB Funds	Total
Support and revenues:					
Support:					
State grants	\$ -	\$ -	\$ -	\$ 29,941	\$ 29,941
Other grants	38,851	140,349	221,702	-	400,902
Revenues:					
Underwriting	-	-	-	49,380	49,380
Tower rental	-	-	-	60,635	60,635
Total support and revenues	38,851	140,349	221,702	139,956	540,858
Expenditures/expenses:					
Program services:					
Programming and production	28,201	106,899	25,568	154,345	315,013
Total program services	28,201	106,899	25,568	154,345	315,013
Support services:					
General and administrative	-	-	5,416	60,794	66,210
Total support services	-	-	5,416	60,794	66,210
Capital outlay	-	-	5,668	5,668	11,336
Total expenditures/ expenses	28,201	106,899	36,652	220,807	392,559
Excess (deficiency) of support and revenues over expenditures before other financing sources	10,650	33,450	185,050	(80,851)	148,299
Other financing sources:					
Appropriation from Band	-	-	-	140,693	140,693
Total other financing sources	-	-	-	140,693	140,693
Change in fund balance	\$ 10,650	\$ 33,450	\$ 185,050	\$ 59,842	\$ 288,992