



Hewel Ñi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)

*Financial Statements
and
Independent Auditor's Report
September 30, 2022 and 2021*

redw
Advisors & CPAs

Hewel Ñi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)

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Independent Auditor's Report

Chairman and Honorable Members of the Legislative Council
Tohono O'odham Nation

Opinions

We have audited the financial statements of the governmental activities and major fund of Hewel Ní'okí Radio Station Department (the "Department"), of the Tohono O'odham Nation (the "Nation"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

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 the Department of the Nation, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities and the major fund of the Nation that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the Nation as of September 30, 2022, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Department's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

The financial statements of the Department for the year ended September 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on February 22, 2022.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

REDW LLC

Phoenix, Arizona
April 14, 2023

Hewel N̄i'okĩ Radio Station
(A Department of the Tohono O'odham Nation)
Management's Discussion and Analysis
For the Years Ended September 30, 2022 and 2021

Introduction

The Tohono O'odham Nation (the "Nation"), as the licensee of KOHN 91.9 FM operates the station as an executive program under the Executive Branch with the program designation of Hewel N̄i'okĩ, voice of the wind.

The management discussion and analysis (MD&A) of Hewel N̄i'okĩ, managers and operators of KOHN 91.9 FM Radio (KOHN), provides an overview of Hewel N̄i'okĩ's financial performance for the fiscal years ended September 30, 2022 and 2021. Read it in conjunction with the basic financial statements for the period and the annual report to the Corporation for Public Broadcasting (CPB) that accompanies the basic financial statements.

Overview of Operations

Hewel N̄i'okĩ is a department of the executive branch of the Tohono O'odham Nation (the "Nation") that reports directly to the Office of the Chairman and operates KOHN 91.9 FM under a Federal Communications Commission (the "Commission") license issued to the Nation. The Nation appropriates operating funds for Hewel N̄i'okĩ through the adoption of an annual budget under the executive branch of the Nation's government. The executive branch's general support services provides indirect administrative support for Hewel N̄i'okĩ which includes financial management and reporting, human resources, facility and fleet maintenance, purchasing, and information technology support.

The Nation is a sovereign nation governed under an adopted constitution. The constitutional government of the Nation is of a tri-branch system consisting of an executive, legislative and judicial branch. The executive branch operates under the direction of a Chairperson and Vice Chairperson elected at large by the citizens (members) of the Nation. The legislative branch consists of a legislative council, its officers and associated staff. Legislative representatives are elected at large from 11 separate political districts, two representatives per district. The Chairperson and Vice Chairperson of the legislative council are elected from within the council membership and additional officers may be appointed from outside of the body. The legislative council provides legislative oversight over the Executive and Judicial Branch through established committees. The legislative oversight committees for Hewel N̄i'okĩ are the Culture Preservation Committee for general issues to preserve the Nation's culture and the Budget and Finance Committee for appropriations and fiscal matters. The judicial branch consists of six appointed justices for the Nation who serve as the Nation's judgment on disputed civil matters and criminal prosecution through adjudication. The appointed Justices elect from their membership a Chief and Deputy Chief Justice to serve as branch administrators. The justices are constitutionally empowered to convene from its members an appellate court to hear and render decisions on appeals as well as other lower courts it deems necessary.

The Nation's broadcast network, which Hewel N̄i'okĩ manages and operates, consists of the original station KOHN 91.9 FM that was originally licensed to the Nation on December 23, 2004. Subsequently, the license was renewed on September 27, 2013, and expanded to three additional licenses; KOHH 90.7 FM licensed on November 14, 2014; KOHF-LP 101.1 FM licensed on March 10, 2017; and KWAK-LP 102.5 FM licensed on July 14, 2017. All licenses are subject to renewal in 2021 by the FCC.

Hewel Ńi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)
Management's Discussion and Analysis
For the Years Ended September 30, 2022 and 2021

Overview of Financial Statements

This annual report consists of four parts:

- 1) Management's discussion and analysis.
- 2) Basic financial statements.
- 3) Notes to the basic financial statements.
- 4) Required supplementary information.

The financial statements of Hewel Ńi'okĩ are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements combine the fund and department-wide financial statements. These statements present different views of the organization.

Department-Wide Statements

The Statements of Net Position and the Statements of Activities are department-wide, providing both long-term and short-term information about Hewel Ńi'okĩ's overall financial status. These department-wide financial statements are designed to provide readers with a broad overview of Hewel Ńi'okĩ's finances, in a manner similar to a private-sector business.

The Statements of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.

The Statements of Activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., accrued leave).

Fund Financial Statements

The fund balance sheets and the statements of revenues, expenditures, and changes in fund balance provide detailed information about the most significant funds. All of Hewel Ńi'okĩ's activities are reported in the operating fund. The financial statements also present a budgetary comparison for the operating fund as supplementary information.

The operating fund is a governmental fund and therefore its focus is on how cash and other financial assets flow in and out, and the balances left at year-end that are available for spending.

Governmental funds provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs.

Hewel Ñi'okĩ Radio Station

(A Department of the Tohono O'odham Nation)

Management's Discussion and Analysis For the Years Ended September 30, 2022 and 2021

The notes to the financial statements provide required disclosures and other information that are essential to full understanding of the material data provided in the statements. The notes present information about accounting principles, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Condensed Financial Information

The following summarizes assets, liabilities, and net position:

Table 1
Assets, Liabilities, and Net Position
September 30, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current assets	\$ 419,880	\$ 541,711	\$ 187,107
Capital assets, net	587,958	646,993	709,948
Total assets	<u>1,007,838</u>	<u>1,188,704</u>	<u>897,055</u>
Liabilities	<u>338,823</u>	<u>468,788</u>	<u>120,544</u>
Net Position			
Net investment in capital assets	587,958	646,993	709,948
Unrestricted	81,057	72,923	66,563
Total net position	<u>\$ 669,015</u>	<u>\$ 719,916</u>	<u>\$ 776,511</u>

The following summarizes changes in net position:

Table 2
Revenues, Expenses and Other Changes in Net Position
For the Years Ended September 30, 2022, 2021, and 2020

	2022	2021	2020
Operating grants	\$ 233,343	\$ 217,764	\$ 227,169
Stabilization fund revenue	107,930	28,167	112,136
Indirect administrative support	100,160	121,558	98,763
Donations/contributions	-	15,846	7,535
Expenses – radio station operations	(1,192,549)	(1,186,163)	(1,086,189)
Transfers from Tohono O'odham Nation general fund	<u>700,215</u>	<u>746,233</u>	<u>692,389</u>
Increase (decrease) in net position	<u>\$ (50,901)</u>	<u>\$ (56,595)</u>	<u>\$ 51,803</u>

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Management's Discussion and Analysis
For the Years Ended September 30, 2022 and 2021

Tables 3 and 4 summarize expenses in the program and support services functional categories.

Table 3
Schedule of Functional Expenses by Natural Class
For the Years Ended September 30, 2022, 2021, and 2020

	2022			2021	2020
	Program Services	Support Services	Total	Total	Total
Salaries	\$ 378,650	\$ 214,451	\$ 593,101	\$ 604,310	\$ 551,761
Fringe benefits	112,507	67,736	180,243	183,001	169,126
Nation administrative support	-	100,160	100,160	121,558	98,763
Insurance	4,480	1,180	5,660	4,488	3,937
Training and registration	-	-	-	-	2,390
Lodging	-	-	-	-	2,186
Per diem	-	-	-	-	1,028
Transportation	-	-	-	-	2,940
Mileage	137	-	137	159	312
Utilities	33,051	3,065	36,116	32,240	33,663
Communications	26,478	3,390	29,868	31,283	31,893
Freight and postage	-	271	271	90	35
Fuel	-	5,854	5,854	1,878	2,169
Supplies - office	1,757	3,056	4,813	3,638	2,162
Supplies - equipment	5,322	903	6,225	19,227	6,198
Other supplies	17,048	3,202	20,250	15,762	294
Program supplies	-	-	-	-	3,349
Uniforms	612	68	680	762	-
Dues and subscriptions	66,445	4,475	70,920	8,875	18,606
Lease/rentals	-	-	-	-	5,185
Repairs and maintenance – equipment	1,895	2,757	4,652	3,955	3,913
Repairs and maintenance – vehicle	-	1,500	1,500	2,255	254
Professional services	53,148	1,320	54,468	62,156	57,403
Public relations	-	-	-	6,071	2,503
Audit	-	18,596	18,596	21,500	21,500
Food	-	-	-	-	1,814
Depreciation	-	59,035	59,035	62,955	62,805
Totals	<u>\$ 701,530</u>	<u>\$ 491,019</u>	<u>\$ 1,192,549</u>	<u>\$ 1,186,163</u>	<u>\$ 1,086,189</u>

Hewel Ñi'okĩ Radio Station
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For the Years Ended September 30, 2022 and 2021

Table 4
Schedule of Summarized Functional Expenses
For the Years Ended September 30, 2022, 2021, and 2020

	2022	2021	2020
Program services			
Programming and production	\$ 376,920	\$ 439,691	\$ 404,719
Broadcasting and engineering	205,715	156,945	143,519
Program information and promotion	118,895	76,000	73,686
Total program services	<u>701,530</u>	<u>672,636</u>	<u>621,924</u>
Support services			
Management and general	491,019	513,527	464,265
Total program and support services	<u>\$ 1,192,549</u>	<u>\$ 1,186,163</u>	<u>\$ 1,086,189</u>

Budgetary Highlights

Fiscal Year 2022

In appropriating funding for fiscal year 2022, the Nation provided for a 2.5% cost of living adjustment for all employees while operating funding remained status quo.

The budget authority for the CARES funding granted to Hewel Ñi'okĩ through CPB in fiscal year 2021 were successfully extended into fiscal year 2022. Due to the late approval and authorization of the funding during fiscal year 2021 a substantial balance of the grant funds remained unexpended. A portion of the funding was allocated to upgrading equipment for remote monitoring and to maintain programming and broadcasting services.

The Nation elected to obligate these funds for fiscal year 2022. Hewel Ñi'okĩ expended \$107,930 from the American Rescue Plan Act Stabilization Grant during fiscal year 2022.

Fiscal Year 2021

In appropriating funding for fiscal year 2021, the Nation provided for a 2.5% cost of living adjustment for all employees while operating funding remained status quo.

The budget authority for the CARES funding granted to Hewel Ñi'okĩ through CPB in fiscal year 2020 were successfully extended into fiscal year 2021. Due to the late approval and authorization of the funding during fiscal year 2020 a substantial balance of the grant funds remained unexpended. This was due to the large portion of the funding was allocated to upgrading equipment for remote monitoring for there was insufficient time to process procurement of these items.

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In April, Hewel Ħi'okĭ was awarded and accepted \$244,432 of the American Rescue Plan Act Stabilization Grant from CPB. The Nation elected to obligate these funds for fiscal year 2021. No funds were expended from this grant during fiscal year 2021.

After several year of being under consideration, in April, the Nation adopted a comprehensive pay plan to implement a classification and compensation study to bring all positions to market levels. The pay plan impacted on several positions of Hewel Ħi'okĭ in programing and production, only one management position was affected. The pay plan was retroactive to October 1, 2020, the beginning of the fiscal year 2021. The pay plan as adopted also appropriated funds to cover the adjustment costs and Hewel Ħi'okĭ was not required to amend its budgets to reflect these adjustments. However, Hewel Ħi'okĭ will be able to absorb these costs through its regular operational budgets.

While the Nation remained on a scaled back schedule due to the on-going Covid-19 pandemic and curtailed direct person to person services, Hewel Ħi'okĭ was able to return to 100% schedule. In order to return to 100% staff schedule, Hewel Ħi'okĭ benefited from all staff voluntarily receiving covid vaccination and remaining closed to the general public. Hewel Ħi'okĭ continued to provide for the broadcast of legislative sessions and other activities through the use of virtual meetings and web-based applications for audio broadcasting.

Community Service Grants (CSG)

KOHN FM receives a Community Service Grant (CSG) from the Corporation for Public Broadcasting annually for radio. The Community Service Grants received and expended during the most recent fiscal years were as follows:

Year of Grant	Grants Awarded	Expended							Uncommitted Balance at September 30, 2022
		Prior Years	2017	2018	2019	2020	2021	2022	
Prior years	\$ 1,803,692	\$ 1,803,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	215,663	201,608	14,055	-	-	-	-	-	-
2017	215,063	-	183,317	31,746	-	-	-	-	-
2018	221,212	-	-	195,775	25,437	-	-	-	-
2019	234,728	-	-	-	202,226	32,502	-	-	-
2020	225,212	-	-	-	-	194,667	30,545	-	-
2021	235,628	-	-	-	-	-	187,219	48,409	-
2022	239,500	-	-	-	-	-	-	184,934	54,566
	<u>\$ 3,390,698</u>	<u>\$ 2,005,300</u>	<u>\$ 197,372</u>	<u>\$ 227,521</u>	<u>\$ 227,663</u>	<u>\$ 227,169</u>	<u>\$ 217,764</u>	<u>\$ 233,343</u>	<u>\$ 54,566</u>

Capital Assets

Capital Assets: Hewel Ħi'okĭ's capital assets as of September 30, 2022, amounts to \$587,958 (net of accumulated depreciation), a decrease of \$59,035. Accumulated depreciation through September 30, 2022, on capital assets was \$736,059. More detailed information can be found in the notes to the financial statements.

Hewel Ní'okí Radio Station
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Economic Factors and Next Year's Budgets

The Nation has given notice that it will again provide a 5% cost of living adjustment for fiscal year 2023 which will be added to the base appropriation for the general fund budgets. The grant funded portions of Hewel Ní'okí will include the adjustment in the fiscal year budget proposals for 2023.

Hewel Ní'okí will extend its CARES grant into fiscal year 2023 for any remaining funds of the CPB CARES stability grant. Further, funds from the American Rescue Plan Act Stabilization Grant from CPB will be obligated and made available for use.

Contacting Financial Management

This financial report is designed to provide donors, members, and the general public with a general overview of Hewel Ní'okí'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. Hewel Ní'okí's annual basic financial statements and reports to CPB are available for public inspection during business hours at Hewel Ní'okí's main studio located at Arizona State Route 86, milepost 92.4, Covered Wells, Arizona or can be requested by mail at the following address:

Hewel Ní'okí
Tohono O'odham Nation
Post Office Box 837
Sells, Arizona 85634

Financial Statements

Hewel Ñi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)
Governmental Fund Balance Sheet and Statement of Net Position
September 30, 2022

	Operating Fund	Adjustments (Note 6)	Statement of Net Position
Assets			
Current assets			
Due from Nation's general fund	\$ 419,880	\$ -	\$ 419,880
Total current assets	419,880	-	419,880
Capital assets, net	-	587,958	587,958
Total assets	<u>\$ 419,880</u>	<u>\$ 587,958</u>	<u>\$ 1,007,838</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 8,715	\$ -	\$ 8,715
Accrued expenses	10,575	-	10,575
Unearned revenue	273,428	-	273,428
Total current liabilities	292,718	-	292,718
Accrued compensated absences	-	46,105	46,105
Total liabilities	292,718	46,105	338,823
Fund Balance/Net Position			
Unassigned			
Fund balance	127,162	(127,162)	-
Total liabilities and fund balance	<u>\$ 419,880</u>	<u>(81,057)</u>	<u>338,823</u>
Net position			
Net investment in capital assets		587,958	587,958
Unrestricted		81,057	81,057
Total net position		<u>\$ 669,015</u>	<u>\$ 669,015</u>

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

Hewel Ñi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)
Governmental Fund Balance Sheet and Statement of Net Position
September 30, 2021

	Operating Fund	Adjustments (Note 6)	Statement of Net Position
Assets			
Current assets			
Due from Nation's general fund	\$ 541,711	\$ -	\$ 541,711
Total current assets	541,711	-	541,711
Capital assets, net	-	646,993	646,993
Total assets	<u>\$ 541,711</u>	<u>\$ 646,993</u>	<u>\$ 1,188,704</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 9,817	\$ -	\$ 9,817
Accrued expenses	29,532	-	29,532
Unearned revenue	375,200	-	375,200
Total current liabilities	414,549	-	414,549
Accrued compensated absences	-	54,239	54,239
Total liabilities	<u>414,549</u>	<u>54,239</u>	<u>468,788</u>
Fund Balance/Net Position			
Unassigned			
Fund balance	127,162	(127,162)	-
Total liabilities and fund balance	<u>\$ 541,711</u>	<u>(72,923)</u>	<u>468,788</u>
Net position			
Net investment in capital assets		646,993	646,993
Unrestricted (deficit)		72,923	72,923
Total net position		<u>\$ 719,916</u>	<u>\$ 719,916</u>

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

Hewel Ñi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)
Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance and Statement of Activities
For the Year Ended September 30, 2022

	Operating Fund	Adjustments (Note 6)	Statement of Activities
Revenues			
Operating grants	\$ 233,343	\$ -	\$ 233,343
Stabilization fund revenue	107,930	-	107,930
Indirect administrative support	100,160	-	100,160
Total revenues	<u>441,433</u>	<u>-</u>	<u>441,433</u>
Expenditures/Expenses			
Radio station operations			
Salaries	603,135	(8,134)	595,001
Fringe benefits	180,244	-	180,244
Nation administrative support	100,160	-	100,160
Utilities and communication	65,983	-	65,983
Miscellaneous expenses	119,063	-	119,063
Professional services	73,063	-	73,063
Depreciation	-	59,035	59,035
Total expenditures/expenses	<u>1,141,648</u>	<u>50,901</u>	<u>1,192,549</u>
Revenues (under) expenditures/expenses before transfers	(700,215)	(50,901)	(751,116)
Transfers from the Nation's general fund	<u>700,215</u>	<u>-</u>	<u>700,215</u>
Revenues and transfers over (under) expenditures/expenses	-	(50,901)	(50,901)
Fund balance/net position, beginning of year	<u>127,162</u>	<u>592,754</u>	<u>719,916</u>
Fund balance/net position, end of year	<u>\$ 127,162</u>	<u>\$ 541,853</u>	<u>\$ 669,015</u>

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

Hewel Ñi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)
Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance and Statement of Activities
For the Year Ended September 30, 2021

	Operating Fund	Adjustments (Note 6)	Statement of Activities
Revenues			
Operating grants	\$ 217,764	\$ -	\$ 217,764
Stabilization fund revenue	28,167	-	28,167
Indirect administrative support	121,558	-	121,558
Donations/contributions	15,846	-	15,846
Total revenues	<u>383,335</u>	<u>-</u>	<u>383,335</u>
Expenditures/Expenses			
Radio station operations			
Salaries	594,823	9,487	604,310
Fringe benefits	183,001	-	183,001
Nation administrative support	121,558	-	121,558
Utilities and communication	63,524	-	63,524
Miscellaneous expenses	67,159	-	67,159
Professional services	83,656	-	83,656
Depreciation	-	62,955	62,955
Total expenditures/expenses	<u>1,113,721</u>	<u>72,442</u>	<u>1,186,163</u>
Revenues (under) expenditures/expenses before transfers and contributions	(730,386)	(72,442)	(802,828)
Transfers from the Nation's general fund	<u>746,233</u>	<u>-</u>	<u>746,233</u>
Revenues and transfers over (under) expenditures/expenses	15,847	(72,442)	(56,595)
Fund balance/net position, beginning of year	<u>111,315</u>	<u>665,196</u>	<u>776,511</u>
Fund balance/net position, end of year	<u>\$ 127,162</u>	<u>\$ 592,754</u>	<u>\$ 719,916</u>

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

Hewel N̄i'ok̄i Radio Station

(A Department of the Tohono O'odham Nation)

Notes to Financial Statements
September 30, 2022 and 2021

1) Summary of Significant Accounting Policies

Nature of Operations

Hewel N̄i'ok̄i Radio Station (Hewel N̄i'ok̄i), formally known as KOHN Radio Station (KOHN), is a department of the Tohono O'odham Nation (the "Nation"). Hewel N̄i'ok̄i's primary function is to provide public broadcasting to the people of the Nation and surrounding communities.

Reporting Entity

Hewel N̄i'ok̄i is one of several departments of the Nation. The financial statements present only the financial position of Hewel N̄i'ok̄i and do not purport to, and do not, present fairly the financial position of the Tohono O'odham Nation, and the changes in its financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

Department-Wide Financial Statements: The department-wide financial statements, which are the statements of net position and statement of activities, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which Hewel N̄i'ok̄i gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, operating subsidies from the Nation's general fund, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Hewel N̄i'ok̄i considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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Hewel Ĕi'okĭ's only governmental fund is the operating fund, which accounts for all its financial resources.

Use of Estimates

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interfund Transactions

Interfund services provided or used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses are accounted for as interfund transactions in the reimbursing fund and as reductions of expenditures/expenses in the funds that are reimbursed.

Capital Assets and Depreciation

Capital assets are presented at historical cost, less accumulated depreciation. Expenditures for additions, improvements, and replacements of capital assets are capitalized while maintenance and repairs, which do not improve or extend the service lives of the respective assets, are expensed as incurred. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$5,000. Depreciation is provided using the straight-line method over estimated useful lives, which is 40 years for buildings, 5-10 years for broadcast equipment, and 5 years for furniture and vehicles.

Income Taxes

As a department of the Tohono O'odham Nation, Hewel Ĕi'okĭ is exempt from federal and state income taxes.

Indirect Administrative Support

Administrative support from the Nation consists of the portion of the indirect costs incurred by the Nation and attributable to Hewel Ĕi'okĭ's operations including financial management and reporting, human resources, facility and fleet maintenance, purchasing, and information technology support. Administrative support is calculated and recorded as revenue and expense using methods mandated by the Corporation for Public Broadcasting (CPB).

In-Kind Contributions

Hewel Ĕi'okĭ receives donated personal services from nonprofessional volunteers. However, these services are not recorded as revenue and expense in the accompanying financial statements as there is no objective basis available to measure the value of such services. Hewel Ĕi'okĭ received approximately 667 donated volunteer hours in 2022 and 628 hours in 2021.

Hewel Ñi'okĩ Radio Station

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Compensated Absences

Employees of Hewel Ñi'okĩ are granted vacation leave in varying amounts. In the event of termination, an employee is reimbursed for the accumulated vacation leave. All vacation pay is accrued when incurred in the department-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Employees of Hewel Ñi'okĩ are granted nonvesting accumulating sick leave. Upon termination, an employee is not entitled to be paid for the accumulated sick leave. Therefore, sick leave benefits are not accrued.

Budgetary Data

The following procedures are used to establish the revenues and expenditures budget data reported as required supplementary information in the accompanying financial statements:

- The Budget and Finance Committee, working with department directors, submits a proposed budget to the Nation's Legislative Council for adoption. The Council adopts the budget as submitted or modifies the proposed budget before adopting it.
- Budget changes must be approved by the Budget and Finance Committee.
- Funded program budgets and changes are subject to funding agency approval.
- Appropriations lapse at year-end on the Nation's funded budget.

The budget for the Nation is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Net Position and Fund Balances

The difference between fund assets and liabilities is "net position" on the government-wide statements, and "fund balance" on governmental fund statements.

Net position is classified in the following three categories:

- **Net Investment in Capital Assets:** Consist of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvements of those assets.
- **Restricted Net Position:** Restricted net position results when constraints placed on an asset's use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

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- **Unrestricted Net Position:** Unrestricted net position consists of net position that does not meet the definition of the two preceding categories.

The governmental fund types classify fund balance as follows:

- **Nonspendable** includes amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or long-term receivables.
- **Restricted** includes amounts that can be spent only for the specific purposes imposed by creditors, grantors, contributors, or laws and regulations of other governments. An example is federal grants.
- **Committed** includes self-imposed limitations on amounts that can be used only for a specific purpose, set in place prior to the end of the period by a formal action of the Nation's highest level of decision-making authority. Commitments established by the Chairman or Legislative Council may be changed or lifted only by an action of the Chairman or Legislative Council, taking the same formal action that imposed the original constraint. Typically, through resolution from the Nation's council.
- **Assigned** comprises amounts intended to be used by for specific purposes. Intent can be expressed by the Chairman or Legislative Council, or by an official, to which the Chairman or Legislative Council delegates the authority. This indicates that resources in governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** is the residual classification and includes all amounts not contained in other fund balance classifications. Unassigned amounts are available for any purpose.

New GASB Pronouncements

The GASB has issued several statements which have not yet been implemented by Hewel N̄i'okĩ. Hewel N̄i'okĩ will implement these statements no later than the latest fiscal year required. Hewel N̄i'okĩ does not anticipate that any of the recently issued statements would have a significant impact on Hewel N̄i'okĩ's financial statements.

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2) Capital Assets

Capital asset activity for the year ended September 30, 2022, is summarized as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<i>Capital assets being depreciated</i>					
Building	\$ 652,120	\$ -	\$ -	\$ -	\$ 652,120
Broadcast equipment	574,801	-	-	-	574,801
Vehicles	97,096	-	-	-	97,096
Total capital assets being depreciated	<u>1,324,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,324,017</u>
Less accumulated depreciation for					
Building	223,196	16,303	-	-	239,499
Broadcast equipment	380,581	29,486	-	-	410,067
Vehicles	73,247	13,246	-	-	86,493
Total accumulated depreciation	<u>677,024</u>	<u>59,035</u>	<u>-</u>	<u>-</u>	<u>736,059</u>
Total capital assets, net	<u>\$ 646,993</u>	<u>\$ (59,035)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,958</u>

Capital asset activity for the year ended September 30, 2021, is summarized as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<i>Capital assets being depreciated</i>					
Building	\$ 652,120	\$ -	\$ -	\$ -	\$ 652,120
Broadcast equipment	574,801	-	-	-	574,801
Vehicles	97,096	-	-	-	97,096
Total capital assets being depreciated	<u>1,324,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,324,017</u>
Less accumulated depreciation for					
Building	206,893	16,303	-	-	223,196
Broadcast equipment	347,175	33,406	-	-	380,581
Vehicles	60,001	13,246	-	-	73,247
Total accumulated depreciation	<u>614,069</u>	<u>62,955</u>	<u>-</u>	<u>-</u>	<u>677,024</u>
Total capital assets, net	<u>\$ 709,948</u>	<u>\$ (62,955)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646,993</u>

All depreciation expense is charged to radio station operations.

Hewel Ní'okí Radio Station (A Department of the Tohono O'odham Nation)

Notes to Financial Statements
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3) Due from Nation and Transfers

At September 30, 2022 and 2021, the Nation's general fund owed Hewel Ní'okí \$419,880 and \$541,711, respectively, for unexpended Corporation for Public Broadcasting grant funds received on Hewel Ní'okí's behalf and unexpended general fund support. In the years ended September 30, 2022 and 2021, the Nation's general fund transferred \$700,215 and \$746,233, respectively, to Hewel Ní'okí to support radio station operations.

Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Stabilization Funds

Hewel Ní'okí received \$112,136 in CARES Act funding from the Corporation for Public Broadcasting during fiscal year 2020. The funds are considered unrestricted and have no expenditure period. At September 30, 2022 and 2021, \$46,901 and \$83,148, respectively, remains unexpended and are included in unearned revenue and amounts due from the Nation's general fund in the governmental fund balance sheet and statement of net position.

American Rescue Plan Act (ARPA Act) Emergency Stabilization Funds

Hewel Ní'okí received \$244,432 in ARPA funding from the Corporation for Public Broadcasting during fiscal year 2021. The funds are considered unrestricted and have no expenditure period. At September 30, 2022 and 2021, \$172,748 and \$244,432, respectively, remains unexpended and are included in unearned revenue and amounts due from the Nation's general fund in the governmental fund balance sheet and statement of net position.

4) Accrued Compensated Absences

The following is a summary of Hewel Ní'okí's accrued compensated absences activity for the year ended September 30, 2022:

Balance September 30, 2021	Decrease	Balance September 30, 2022	Amount Due Within One Year
<u>\$ 54,239</u>	<u>\$ (8,134)</u>	<u>\$ 46,105</u>	<u>\$ -</u>

The following is a summary of Hewel Ní'okí's accrued compensated absences activity for the year ended September 30, 2021:

Balance September 30, 2020	Increase	Balance September 30, 2021	Amount Due Within One Year
<u>\$ 44,752</u>	<u>\$ 9,487</u>	<u>\$ 54,239</u>	<u>\$ -</u>

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5) Indirect Administrative Support

Indirect support from the Nation consists of allocations of the Nation's institutional support and facility operation costs that benefit Hewel N̄i'ok̄i Radio Station. It is calculated based upon the indirect cost rate that the Nation annually negotiates with the United States Department of Interior, Interior Business Center, and Indirect Cost Services. For the periods ended September 30, 2022 and 2021, the approved negotiated rate applicable to all programs was 13.47%. Hewel N̄i'ok̄i applied this rate to calculate the total value of administrative support provided by the Nation. The fair value of this support is recognized as operating revenue in the statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position as indirect administrative support for operations and also in operating expenses as Nation administrative support. The value of this support was \$100,160 and \$121,558 for the years ended September 30, 2022 and 2021, respectively.

6) Reconciling Amounts

At September 30, 2022, total fund balance of Hewel N̄i'ok̄i's governmental fund of \$127,162 differs from total net position reported on the statement of net position of \$669,015 because capital assets with a net book value of \$587,958 and accrued compensated absences of \$54,239 are not reported in the funds. Additionally, the change in fund balance of Hewel N̄i'ok̄i's governmental fund revenues, expenditures and changes in fund balance was \$0, which differs from the decrease in net position reported on the statement of activities of \$50,901, by the amount of depreciation expense of \$59,035 and the compensated absence liability decrease of \$8,134 for the year.

At September 30, 2021, total fund balance of Hewel N̄i'ok̄i's governmental fund of \$127,162 differs from total net position reported on the statement of net position of \$719,916 because capital assets with a net book value of \$646,993 and accrued compensated absences of \$54,239 are not reported in the funds. Additionally, the change in fund balance of Hewel N̄i'ok̄i's governmental fund revenues, expenditures and changes in fund balance was \$15,847, which differs from the decrease in net position reported on the statement of activities of \$56,595, by the amount of depreciation expense of \$62,955 and the compensated absence liability increase of \$9,487.

Hewel N̄i'ok̄i Radio Station
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Notes to Financial Statements
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7) Risk Management

Hewel N̄i'ok̄i and the Nation are 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. The Nation carries commercial insurance for all such risks of loss. Settled claims have not exceeded commercial insurance coverage for any of the previous three years.

8) Retirement Plan

The Nation sponsors and administers the Tohono O'odham Nation 401(k) Retirement Plan (the "Plan"). Each employee shall be eligible to make employee voluntary contributions to the Plan on the first Plan enrollment date on or following the initial date of hire, or the day on which the employee attains the age of eighteen years, whichever occurs last. The Nation will contribute 5% of the employee's compensation to an individual account and will match the employee voluntary contributions at 50% of the employee voluntary contributions up to 5% of the employee's compensation. The employee voluntary contributions are fully vested and not forfeitable at any time. The employer contributions are vested after the completion of four years of service by the employee.

For the years ended September 30, 2022 and 2021, contributions to the Plan by the Nation on behalf of Hewel N̄i'ok̄i employees totaled \$37,879 and \$36,520, respectively. Hewel N̄i'ok̄i employee voluntary contributions for the years ended September 30, 2022 and 2021, totaled \$16,893 and \$14,994, respectively.

9) Related Parties

Hewel N̄i'ok̄i's utilities, telephone services, and lease services are provided by the Tohono O'odham Utility Authority. For the years ended September 30, 2022 and 2021, Hewel N̄i'ok̄i's utility, communication expense, and lease expense were approximately \$58,500 and \$40,753, respectively.

Hewel N̄i'ok̄i's solid waste services are provided by Tohono O'odham Solid Waste. For the years ended September 30, 2022 and 2021, Hewel N̄i'ok̄i's solid waste expense was \$2,404 and \$1,780, respectively.

Required Supplementary Information

Hewel Ñi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)
Budgetary Comparison Schedule – Operating Fund
For the Year Ended September 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Operating grants	\$ 392,579	\$ 337,033	\$ 233,343	\$ (103,690)
Stabilization fund revenue	-	-	107,930	107,930
Indirect administrative support	37,868	31,573	100,160	68,587
Total revenues	<u>430,447</u>	<u>368,606</u>	<u>441,433</u>	<u>72,827</u>
Expenditures				
Radio station operations				
Salaries	762,760	725,261	603,135	122,126
Fringe benefits	260,126	250,384	180,244	70,140
Nation administrative support	37,868	31,573	100,160	(68,587)
Utilities and communication	84,722	79,722	65,983	13,739
Miscellaneous expenses	125,997	149,236	119,063	30,173
Professional services	88,299	98,000	73,063	24,937
Total expenditures	<u>1,359,772</u>	<u>1,334,176</u>	<u>1,141,648</u>	<u>192,528</u>
Revenues over (under) expenditures before transfers	(929,325)	(965,570)	(700,215)	265,355
Transfers from the Nation's general fund	-	-	700,215	700,215
Revenues and transfers over (under) expenditures	(929,325)	(965,570)	-	965,570
Fund balance, beginning of year	-	-	127,162	127,162
Fund balance, end of year	<u>\$ (929,325)</u>	<u>\$ (965,570)</u>	<u>\$ 127,162</u>	<u>\$ 1,092,732</u>

See accompanying note to required supplementary information.

Hewel Ñi'okĩ Radio Station
(A Department of the Tohono O'odham Nation)
Budgetary Comparison Schedule – Operating Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Operating grants	\$ 376,696	\$ 376,696	\$ 217,764	\$ (158,932)
Stabilization fund revenue	-	-	28,167	28,167
Indirect administrative support	30,442	30,442	121,558	91,116
Donations/contributions	-	-	15,846	15,846
Total revenues	<u>407,138</u>	<u>407,138</u>	<u>383,335</u>	<u>(23,803)</u>
Expenditures				
Radio station operations				
Salaries	642,392	642,392	594,823	47,569
Fringe benefits	223,512	223,512	183,001	40,511
Nation administrative support	30,442	30,442	121,558	(91,116)
Utilities and communication	75,600	75,600	63,524	12,076
Miscellaneous expenses	176,912	176,912	67,159	109,753
Capital outlay	109,620	109,620	83,656	25,964
Professional services	25,000	25,000	-	25,000
Total expenditures	<u>1,283,478</u>	<u>1,283,478</u>	<u>1,113,721</u>	<u>169,757</u>
Revenues over (under) expenditures before transfers	<u>(876,340)</u>	<u>(876,340)</u>	<u>(730,386)</u>	<u>145,954</u>
Transfers from the Nation's general fund	-	-	746,233	746,233
Revenues and transfers over (under) expenditures	<u>(876,340)</u>	<u>(876,340)</u>	<u>15,847</u>	<u>892,187</u>
Fund balance, beginning of year	-	-	111,315	111,315
Fund balance, end of year	<u>\$ (876,340)</u>	<u>\$ (876,340)</u>	<u>\$ 127,162</u>	<u>\$ 1,003,502</u>

See accompanying note to required supplementary information.

Hewel N̄i'ok̄i Radio Station
(A Department of the Tohono O'odham Nation)

Note to Required Supplementary Information
For the Years Ended September 30, 2022 and 2021

1) Budget Information

The Nation adopts an annual operating budget for Hewel N̄i'ok̄i Radio Station on a basis consistent with accounting principles generally accepted in the United States of America. The Nation does not budget for transfers in and out.