

THE HOPI FOUNDATION -
KUYI 88.1 FM RADIO

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2016

Prepared By:

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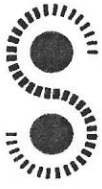
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THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The Hopi Foundation - KUYI 88.1 FM Radio

Report on the Financial Statements

I have audited the accompanying financial statements of The Hopi Foundation - KUYI 88.1 FM Radio (a nonprofit organization), which comprise the statement of financial position as of and for the year ended December 31, 2016, and the related statements 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.

Auditors' Responsibility

My responsibility is to express opinions on these basic financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The Hopi Foundation - KUYI 88.1 FM Radio as of December 31, 2016, and the result of operations, changes in net assets, and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Other Matter

As described in Note 1, these financial statements are prepared on The Hopi Foundation - KUYI 88.1 FM Radio program only, and they do not include the assets, liabilities, net assets, or the statements of activities for the other programs of The Hopi Foundation. Accordingly, the accompanying financial statements are not intended to be a complete presentation of The Hopi Foundation's assets, liabilities, net assets, revenues and expenses presented in the other programs of The Foundation.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on The Hopi Foundation - KUYI 88.1 FM Radio's financial statements. The accompanying Schedule of Unrestricted Revenues and Functional Expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of The Foundation's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 my opinion, based on my audit, the procedures performed as described previously, the Schedule of Unrestricted Revenues and Functional Expenses is fairly stated in all material respects in relation to the financial statements taken as a whole.


Connie A. Sauvageau
Certified Public Accountant

June 23, 2017
Sedona, Arizona

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS	
Current Assets:	
Cash in Banks	\$ 126,471
Grants Receivable	144,076
Due from Other Program	31,848
Prepaid Expenses	<u>9,527</u>
Total Current Assets	\$ 311,922
Noncurrent Assets:	
Property, Furniture and Equipment, net accumulated depreciation	<u>54,583</u>
Total Noncurrent Assets	<u>54,583</u>
TOTAL ASSETS	<u>\$ 366,505</u>

LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 3,025
Loan from The Hopi Foundation Program	<u>33,709</u>
Total Current Liabilities	\$ 36,734
NET ASSETS	
Unrestricted Restricted	273,426
Temporarily Restricted	<u>56,345</u>
TOTAL NET ASSETS	<u>329,771</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 366,505</u>

See Independent Auditor's Report and Notes to Financial Statements.

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Public Support, Revenues, and Reclassifications</u>	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
Foundation and Other Grants	\$ 160,998	\$ 28,278	\$ 189,276
Contributions from the General Public	22,652	-	22,652
Inkind Donations	24,616	-	24,616
Underwriting Fees	25,350	-	25,350
Fund Raising - Sales of T-shirts & Stickers	4,078	-	4,078
Memberships and Subscriptions	110	-	110
Interest Earnings	87	-	87
Net Assets Released From Restrictions:			
Satisfaction of Program Restrictions - Grants	<u>28,604</u>	<u>(28,604)</u>	<u>-</u>
Total Public Support, Revenues, and Reclassifications	<u>266,495</u>	<u>(326)</u>	<u>266,169</u>
 <u>Expenses</u>			
Programs Services:			
Radio Programming & Production	22,401	-	22,401
Broadcasting & Engineering	43,782	-	43,782
Program Information & Promotion	26,349	-	26,349
Fund Raising & Membership Development	34,946	-	34,946
Underwriting & Grant Solicitation	20,685	-	20,685
Management & General	<u>77,332</u>	<u>-</u>	<u>77,332</u>
Total Program Services Expenses	<u>225,495</u>	<u>-</u>	<u>225,495</u>
 Change in Net Assets	 41,000	 (326)	 40,674
 Net Assets, Beginning of Year	 <u>232,426</u>	 <u>56,671</u>	 <u>289,097</u>
 Net Assets, End of Year	 <u>\$ 273,426</u>	 <u>\$ 56,345</u>	 <u>\$ 329,771</u>

See Independent Auditor's Report and Notes to Financial Statements.

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets		\$ 40,674
Adjustment to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	\$ 17,650	
Changes in Current Assets and Liabilities:		
Decrease (increase) in Prepaid Expenses	5,530	
Decrease (increase) in Grants Receivable	(111,604)	
(Decrease) increase in Accounts Payable	<u>(349)</u>	<u>(88,773)</u>
NET CASH USED BY OPERATING ACTIVITIES		(48,099)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Equipment		<u>(11,947)</u>
NET CASH USED BY INVESTING ACTIVITIES		<u>(11,947)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan payment to other fund		<u>(1,000)</u>
NET CASH USED BY FINANCING ACTIVITIES:		<u>(1,000)</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS		(61,046)
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2015		<u>187,517</u>
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2016		<u>\$ 126,471</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Cash Paid During the Year for Interest	\$ <u><u>0</u></u>
Cash Paid During the Year for Income Taxes	\$ <u><u>0</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of The Hopi Foundation - KUYI 88.1 FM Radio (a nonprofit organization) have been prepared in conformity with accounting principles generally accepted in the United States of America. A summary of The Foundation's more significant accounting policies follows:

Nature of Activities - The Hopi Foundation (the Foundation) is a 501(c)(3) non-profit organization formed in 1985 and incorporated in the State of Arizona in 1987. The Foundation was established by local Hopi people to promote self sufficiency, proactive community participation in their own destiny, self reliance, and local self determination. The Foundation serves a population of 12,000 Hopi Indians living in 12 villages on the Hopi Reservation, other Indian tribes, and indigenous societies. The Foundation with the help of the Hopi communities, has developed and implemented an educational scholarship fund that distributes books to schools on the Hopi and other Indian reservations; retrieved and returned sacred objects to respective villages; restored several ancient clan houses; trained Ecuadorian natives to install photovoltaic systems; and revived the traditional art of rock quarrying.

In 1998, the Hopi Radio Project was also established to preserve the Hopi culture through the communication of events and ideas in the Hopi language and is located on the Hopi reservation. Hopi Radio provides a forum for diversity, self expression and creativity to ensure the respect for tradition by preserving the Hopi language and culture in a contemporary context.

These financial statements are prepared on The Hopi Foundation - KUYI 88.1 FM Radio program only, and they do not include the assets, liabilities, net assets, or the statements of activities for the other programs of The Hopi Foundation. Accordingly, the accompanying financial statements are not intended to be a complete presentation of The Hopi Foundation's assets, liabilities, net assets, revenues and expenses presented in the other programs of The Foundation. The following programs are part of The Hopi Foundation, but are not included in these financial statements:

The Foundation also sponsors the Owl and Panther Project, which provides a refuge through the expressive arts, creative writing, mentoring and community service. Mostly children and young adults grapple not only with their past experiences but with the challenges of living in a very different world and find ways to share their ideas with the community to help others. The Owl and Panther works with refugee children and families located in Tucson, Arizona.

Barbara Chester award program for Clinicians and Practitioners Working with Survivors of Torture was established in 1999. The award honors Dr. Barbara Chester, a clinical psychologist who helped pioneer the field of treatment for torture victims worldwide. Barbara Chester was also the founder of The Hopi Foundation's Center for the Prevention and Resolution of Violence in Tucson in 1992; The Hopi Foundation's Owl & Panther project in Tucson for refugee children and their families evolved from the Center for the Prevention and Resolution of Violence. Barbara Chester contributed to the further development of The Hopi Foundation at a critical stage of its early existence. In 1997, upon learning of her serious illness, The Hopi Foundation declared a resolution that Barbara Chester be "A member of the Hopi Foundation family now and forever." In issuing this award, The Hopi Foundation and other supporters wished to: (1) honor outstanding persons undertaking the arduous and often dangerous work of providing healing services in circumstances of torture; (2) call attention to such abuses directed against specific regions and communities; and (3) draw worldwide support for prevention of torture and associated trauma.

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities (Continued)

In 1999, the Preservation Project was established to preserve the customs and traditions for the children and the future using the architecture of the past. The project provides training of the young people in both traditional and modern practices of conservation in partnership with Utah State Parks, the National Parks Service, and the Hopi Tribe. The project remains a seasonal project and takes place at state and national parks in the state of Utah. Over the years, The Foundation has assisted several villages in the preservation of ancient clan houses and historic piiki houses and is located on the Hopi reservation. The Clan House projects helped to develop technical guides for use by community members and local agencies and remains an active publication of The Hopi Foundation.

In 2004, the Natwani Coalition Project was formed to develop innovative sustainable strategies to address diet-related health issues, preserve Hopi farming traditions, and to restore the local food system. The goals of this project are to increase the availability of fresh, sustainably grown produce to Hopi families; encourage Hopi to eat foods that promote health in themselves and their communities; encourage and support traditional sustainable farming practices; support the growth and preservation of local food production; and create local employment opportunities related to agriculture and food distribution. This project is based in Kykotsmovi, AZ and is a partnership for local farmers and seed savers.

The Hopi Substance Abuse Center was formed for the purpose of providing Substance Abuse Prevention Mentoring Services to the Hopi Community, as well as Community Outreach Programs in the area of Alcohol and Substance Abuse Prevention. The Center is in Kykotsmovi, Arizona where organized Substance Abuse Prevention meetings are held at the center three times each week and Community Outreach and Educational Presentations are conducted each month, with satellite locations across the Hopi reservation. This project is funded by a grant from the Otten's Foundation in partnership with local tribal and regional behavioral health service agencies.

During 2008, the Leadership Program was started to support growth of a new generation of Hopi leaders. The community based model for balancing and enhancing traditional cultural wisdom within modern society addresses the need for leadership in local organizations. The program offers 15-months of cultural and management skill training for participants. Based on the Hopi reservation, the program offers village and environmental tours of the reservation to provide knowledge and understanding of cultural stewardship practices.

During 2013, the Hopi Foundation "Hopi Opportunity Youth Initiative" (HOYI) was established to develop a community-wide strategy for creating new or strengthening existing pathways to success for youth ages 12-26. This project expects to engage local organizations including grassroots community groups, villages, nonprofit, government agencies and services, and local educational institutions to engage in research and development of strategies that support the success of Hopi and Tewa youth.

During 2014, the Hopi Foundation's Capacity Building program started working with local nonprofit, tribal organizations, villages, the philanthropic sector and external stakeholders to accomplish the task of resource development. The aspect of the Foundation includes development and services in the area of Local and Community-Based Research, Community Organizing & Networking, Education & Facilitation, Fund Raising & Organizational Development Training.

During 2016, The Hopi VITA Partnership: The Hopi Foundation partners with local agencies to host VITA (Volunteer Income Tax Assistance) services to low-income families in the 12 Hopi villages and surrounding communities. Our most recent program served over 200 families in 2016;

Community Grantmaking: To increasing self-sufficiency and expand access to opportunities in the local community through local grants to individuals and organizations. Areas of funding include cultural history and language preservation, art, community leadership training, agricultural restoration, and economic development.

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of The Foundation and changes herein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporary restricted net assets - Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of The Foundation and/or the passage of time. Temporarily restricted contributions are recognized when received and when a restriction expires, temporarily restricted net assets that are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets that are subject to permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently by The Foundation. Generally, the donors of these assets permit The Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents - Cash equivalents consist primarily of money market funds, certificates of deposits, and other highly liquid financial instruments with original maturities of 90 days or less. Certificates of deposit and the endowment fund investments with original maturities over 90 days are classified as short-term investments and stated at fair value.

Grant Receivables - Amounts due on grant unconditional promises to give are determined from actual pledges that have been made but have not been collected. Considering past experience with the pledging entities, management considers the grant receivables to fully collectible, therefore, there is no provision for doubtful accounts.

Due from Other Program - Amounts due are amounts currently receivable for expenses paid from the Radio Program for other programs. The Foundation does not normally require collateral; therefore, The Foundation considers the receivable balance is fully collectible. As a result, there is no provision for doubtful accounts.

Estimates - The preparation of financial statements in conformity with generally accepted principles requires management to make estimates and assumptions that affect certain 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. Accordingly, actual results could differ from those estimates.

Income Taxes - The Foundation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986 and is exempt from federal and state income taxes on related income pursuant to Sec. 501(a) of the IRC. There was no unrelated business income for 2016.

Property, Plant and Equipment - The fixed assets acquired by The Foundation are considered to be owned by The Foundation. The Foundation follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$ 100 and at estimated fair value for donated assets. Depreciation is computed using the "straight-line" depreciation method over the estimated useful lives of the assets generally as follows:

Buildings and improvements	50 years
Furniture and Equipment	5-10 years
Vehicles	5 years

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising - The Foundation expenses nondirect-response advertising costs as they are incurred. The total advertising expenses for the year is \$568.

Revenues Recognition - The Foundation receives its grants from various foundations, organizations, and state agencies. The Foundation also receives contributions from organizations and individuals that are generally for unrestricted use. Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at present value of their net realizable value if greater than two years, using risk-free rates applicable to the years in which the promises are to be received. Amortization of discounts on long-term unconditional promises to give are reported as increases in temporarily restricted net assets.

Grants and other contributions of cash or other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and report in the statement of activities as net assets released from restrictions.

Compensated Absences - Employees of The Foundation are entitled to paid vacations, sick days, and other time off depending on the job classification, length of service, and other factors. The liability for compensation for future absences is immaterial, therefore, it is the Foundation's policy to record these costs when they are paid and no liability has been recorded in the accompanying financial statements at December 31, 2016.

Functional Expenses - The cost of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon management estimates, the prorata percentage of payroll expenses to the total of payroll expenses by program service and specific identification.

NOTE 2 - CASH AND INVESTMENTS - CREDIT RISK

Deposits - Custodial Credit Risk Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation does not have a formal policy with respect to custodial credit risk. As of December 31, 2016, the carrying amount of the Radio's deposits was \$126,471 and the bank balances were \$136,177. At December 31, 2016, the entire bank balances were covered by Federal depository insurance.

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 - DONATION OF SERVICES RECEIVED

Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets; or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

KUYI 88.1 FM Radio received significant amount of contributed time from volunteers that does not meet the recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements. KUYI 88.1 FM Radio receives donated services in the form of broadcasting service hours of live and original content. Of the twelve volunteers, six regularly come in to the radio station. In general, each volunteer works in four hour shifts. The volunteers are reimbursed for travel to the radio station mileage at \$0.485 per mile which totalled to \$6,042. The hours contributed is estimated by management to be 1,700 hours, valued at \$38,863.

The Board of Directors and committee members also contribute time on program, planning financial decisions. Their hours contributed is estimated by management to be 246 hours valued at \$5,624.

The Radio program received the use of a modular building for the temporary broadcast location for five months in exchange for underwriting services for \$3,000, which was recorded in kind rent and occupancy. Professional audit services were contributed in the amount of \$400 and was recorded as in-kind services received and audit fees expended. The Radio program also received \$21,216 for administration, development, and programming services from other program employees, this amount was recorded as in-kind indirect administration support based on the Salaries and Wages base method.

NOTE 4 - SUMMARY OF GRANT AND CONTRACT FUNDING

The Hopi Foundation - KUYI 88.1 FM Radio was funded through the following foundation/organization grants and contracts for the year ended December 31, 2016:

<u>Funding Source</u>	<u>Project Fund</u>	<u>Grant/Contract Period</u>	<u>New Grant/Contract</u>	<u>Temporary Restricted (Released)</u>	<u>Total Recognized Support</u>
Walton Family Foundation	Radio Project	Unrestricted	\$ 2,500	\$ -	\$ 2,500
Lannon Foundation	Radio Moving	Relocation of Station	42,700	-	42,700
Corporation for Public Broadcasting (CPB)-2017	Radio Project	10/01/16-9/30/18	144,076	28,278	115,798
Corporation for Public Broadcasting (CPB)-2015	Radio Project	10/01/14-9/30/16	-	(28,604)	28,604
	Net Change			(326)	
	Total New Grants Pledged		\$ <u>189,906</u>		
	Total Unrestricted Grants Realized				\$ <u>189,602</u>
	Beginning Temporary Restricted Balance			<u>56,671</u>	
	Ending Temporary Restricted Balance			\$ <u>56,345</u> ¹	

¹ Amount is considered temporary restricted. (See Note 5)

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016, temporarily restricted net assets consisted of the following contributions receivable and restricted contributions:

Grants restricted to expenses or time	\$ 56,346
Receivable in one year	<u>144,076</u>
Subtotal	200,422
Reclassification - Satisfaction of Program Restrictions	<u>(144,077) *</u>
Total Temporarily Restricted Net Assets	<u>\$ 56,345</u>

Temporary Restricted by Funding Source:

Corporation for Public Broadcasting- 2017	\$ 28,278
Corporation for Public Broadcasting- 2016	<u>28,067</u>
Total Temporarily Restricted Net Assets	<u>\$ 56,345</u>

*The net assets were released from grant restrictions by incurring expenses satisfying the purpose or time restrictions specified by the cpb grants' requirements.

NOTE 6 - GRANTS RECEIVABLE - PROMISES TO GIVE

Grants receivable as of December 31, 2016 are temporarily restricted net assets (See Note 4 & 5). These unconditional promises to give are to be received by The Foundation subsequent to December 31, 2016, and are deemed by management to be fully collectible are as follows:

Receivable in one year	\$ <u>144,076</u>
Total unconditional promises to give at December 31, 2016	<u>\$ 144,076</u>

NOTE 7 - FINANCIAL INSTRUMENTS - FAIR VALUE

The Foundation's financial instruments include cash, cash equivalents, accounts and grants receivable, and notes payable. The Foundation estimates that the fair value of all financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash, cash equivalents, investment in an endowment fund, and grants receivable, reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 8 - PROPERTY, PLANT, AND EQUIPMENT

A summary of the changes in fixed assets follows.

	Cost	Accumulated Depreciation	Net Book Value
Modular Building and Shed	\$ 71,471	\$ 49,321	\$ 22,151
Furniture and Fixtures	582	366	216
Office and Other Equipment	447,260	415,044	32,216
Total	\$ 519,313	\$ 464,730	\$ 54,583

Depreciation expense during the year ended December 31, 2016 was \$ 17,650.

NOTE 9 - RETIREMENT PLAN - 401(k) PLAN

Effective September 1, 2008, The Foundation entered into an agreement with a retirement services organization to service a 401(k) retirement plan for eligible employees.

Employees are eligible to participate in the plan if they are 21 years of age and have completed 12 months of service with The Foundation. However, as of the plan effective date the eligibility requirements were waived and all employees, including part-time, became eligible. Newly hired employees can enter the plan the first day of the following month after they have become eligible. All elective deferrals made by the employee are 100% vested at all times. Employees may defer from 1-100% of their compensation

The Company's matching contributions are 100% match on deferral up to the first 3% of compensation plus 50% match on deferrals that exceed 3% compensation but do not exceed 5% of compensation. The Foundation made contributions for the Radio Program in the amount of \$1,599 to the 401(k) retirement plan for the year ended December 31, 2016.

NOTE 10 - TAX DISCLOSURES

The Foundation has elected to defer the adoption of the accounting pronouncement FIN 48, requiring disclosures of more-likely-than-not recognition of income taxes if the IRS challenged its tax positions. This relates to the possibility that after an evaluation of The Foundation's 990 tax form that the IRS may challenge The Foundation's tax position for unrelated business income that could be considered taxable income. Due to the current changes in the 990 forms and the IRS position to closely review the tax positions taken, it is uncertain that a tax audit would occur within the next 12 months that would cause a change in the amount of income taxes due. An estimate of the range of possible income taxes due cannot be reasonably made.

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 11 - DUE TO/FROM HOPI FOUNDATION PROGRAM

During the 2010 year, a loan payable of \$52,392 was recorded as an amount due to The Hopi Foundation Program. The year end balance was determined as follows:

Loan Balance recorded 2/2/10	\$ 52,392.00
Loan payment made 4/15/10	(11,683.15)
Additional payment made 4/15/10	(1,000.00)
Loan payment made 11/10/12	(2,000.00)
Loan payment made 4/30/13	(1,000.00)
Loan payment made 12/30/15	(2,000.00)
Loan payment made 12/31/16	<u>(1,000.00)</u>
Balance at December 31, 2016	<u>\$ 33,708.85</u>

The remaining balance is to be made at \$1,000 per year plus underwriting and trade spots at equal value until fully paid.

NOTE 12 - COMMITMENTS & SUBSEQUENT EVENTS

On September 12, 2016, the Foundation entered into an occupancy agreement with the Hopi Tribal Housing Authority (HTHA) to rent a modular trailer building to use as a temporary broadcast location of KUYI 88.1FM Radio. The agreement is from September 12, 2016 to January 31, 2017, with an option to extend in anticipation that the land site experience unforeseen delays as specified with the approved HTHA Resolution. The KUYI 88.1 FM Radio moved the radio station to a new temporary location. The monthly rent of \$600 was donated in kind, with the Radio to provide on-air underwriting services of 30-second segments of non-commercial air-time to promote HTHA's nonprofit mission and projects in the community with a total value of \$3,000

On June 16, 2017, KUYI 88.1FM Radio exercised its option to extend the occupancy until July 31, 2018. Other terms and conditions of the Occupancy agreement will remain the same.

SUPPLEMENTAL DATA

THE HOPI FOUNDATION - KUYI 88.1 FM RADIO
SCHEDULE OF UNRESTRICTED REVENUES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

Public Support, Revenues, and Reclassifications:		
Foundation and Other Grants	\$ 189,602	
Underwriting and Broadcasting Fees	25,350	
Contributions from the General Public	22,652	
Inkind Donations	24,616	
Fund Raising Sales	4,078	
Memberships and Subscriptions	110	
Interest Earnings	<u>87</u>	
Total Public Support, Revenues, and Reclassifications		\$ 266,495
Program Expenses:		
Advertising and promotions	697	
Audit Fees	4,443	
Bank Charges	913	
Contractual Services - Engineering	2,425	
Equipment Repairs and Moving	14,097	
Insurance	5,758	
Licenses, Dues and Subscriptions	889	
Occupancy	3,000	
Payroll Taxes	3,348	
Postage and Shipping	332	
Programming, Membership, & Satellite Fees	22,951	
401(k) Retirement Contribution	879	
Salaries and Wages	52,735	
Supplies and Small Tools	1,700	
Telephone	4,576	
Utilities	21,662	
Volunteer Mileage	7,758	148,163
Management and General Expenses:		
Advertising and promotions	1,129	
Audit Fees	3,577	
Catering and Hosting	2,496	
Cleaning	494	
Depreciation	17,650	
Insurance	4,637	
Office Supplies	458	
Payroll Taxes	2,684	
Postage and Shipping	80	
401(k) Retirement Contribution	720	
Salaries & Wages	42,464	
Travel, lodging, and transportation	<u>943</u>	<u>77,332</u>
Total Expenses		<u>225,495</u>
Increase (Decrease) in Net Assets by Nature of Activity		<u>\$ 41,000</u>

See Independent Auditor's Report and Notes to Financial Statements.