

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
(A PROGRAM ACTIVITY OF THE HOPI FOUNDATION)**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2018**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Hopi Foundation – KUYI 88.1 FM Radio
Kykotsmoui, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of The Hopi Foundation – KUYI 88.1 FM Radio (A Program Activity of The Hopi Foundation) (Radio Program), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Hopi Foundation – KUYI 88.1 FM Radio (A Program Activity of The Hopi Foundation) (Radio Program) as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of 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. Our opinion is not modified with respect to these matters.

As discussed in Note 2 to the financial statements, management adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Phoenix, Arizona
August 14, 2019

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

CURRENT ASSETS

Cash in Banks	\$ 192,329
Grants Receivable	155,933
Due from Other Program	31,848
Total Current Assets	<u>380,110</u>

NONCURRENT ASSETS

Property, Furniture, and Equipment, Net of Accumulated Depreciation	<u>23,010</u>
Total Assets	<u><u>\$ 403,120</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 3,990
Loan from The Hopi Foundation	31,709
Total Current Liabilities	<u>35,699</u>
Total Liabilities	35,699

NET ASSETS

Without Donor Restrictions	160,078
With Donor Restrictions	207,343
Total Net Assets	<u>367,421</u>
Total Liabilities and Net Assets	<u><u>\$ 403,120</u></u>

See accompanying Notes to Financial Statements.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUES, AND OTHER SUPPORT			
Contributions and Public Support	\$ 18,548	\$ 173,933	\$ 192,481
In-Kind Donations	37,156	-	37,156
Underwriting Fees	9,960	-	9,960
Fund Raising - Sale of T-Shirts and Stickers	3,847	-	3,847
Memberships and Subscriptions	1,025	-	1,025
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions - Grants	38,909	(38,909)	-
Total Public Support, Revenues, and Other Support	109,445	135,024	244,469
EXPENSES			
Program Services	186,049	-	186,049
Supporting Services:			
Management and General	39,077	-	39,077
Total Expenses	225,126	-	225,126
CHANGES IN NET ASSETS	(115,681)	135,024	19,343
Net Assets - Beginning of Year	275,759	72,319	348,078
NET ASSETS - END OF YEAR	\$ 160,078	\$ 207,343	\$ 367,421

See accompanying Notes to Financial Statements.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Related Benefits	\$ 77,807	\$ 21,218	\$ 99,025
Meetings and Conferences	15,741	98	15,839
Contract Services	9,258	146	9,404
Supplies	1,846	1,129	2,975
Advertising	-	2,625	2,625
Printing, Postage, Shipping	208	-	208
Telephone	2,516	-	2,516
Utilities	18,867	-	18,867
Insurance	9,970	-	9,970
Travel	6,143	386	6,529
Occupancy	16,722	-	16,722
Equipment Leasing	1,402	-	1,402
Software	6,825	-	6,825
Legal and Accounting	-	13,344	13,344
Repairs and Maintenance	3,318	-	3,318
Membership Dues	360	-	360
Interest Expense	-	131	131
Bank Fees	1,026	-	1,026
Depreciation	14,040	-	14,040
	<u>14,040</u>	<u>-</u>	<u>14,040</u>
Total Expenses	<u>\$ 186,049</u>	<u>\$ 39,077</u>	<u>\$ 225,126</u>

See accompanying Notes to Financial Statements.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 19,343
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation	14,040
Increase in Cash Resulting from Changes in:	
Grants Receivable	(123,614)
Prepaid Expenses	9,527
Accounts Payable	<u>(2,758)</u>
Net Cash Used by Operating Activities	<u>(83,462)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Loan Payment to The Hopi Foundation	<u>(1,000)</u>
Net Cash Used by Financing Activities	<u>(1,000)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(84,462)

Cash and Cash Equivalents - Beginning of Year

276,791

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 192,329

See accompanying Notes to Financial Statements.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 NATURE OF ACTIVITIES

The Hopi Foundation (the Foundation) is a 501(c)(3) nonprofit 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 (A Program Activity of The Hopi Foundation) (Radio Program) 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. The Hopi Radio Program 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 statement 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit organizations. The Radio Program is required to report information regarding its net assets and activities according to two classes of net assets based upon the existence or absence of restrictions on use that are placed by donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without restriction are not subject to donor-imposed stipulations and are those currently available at the discretion of the board of directors for use in the Radio Program's operations, in accordance with its bylaws.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of 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.

Cash and Cash Equivalents

The Radio Program considers all investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist primarily of money market accounts and 90-day certificates of deposit.

Grants Receivable

Amounts due on grants receivable are determined from actual pledges or contribution agreements that have been made but have not been collected. There is no collateral held to secure payment of the receivables. Considering past experience with the pledging entities, management considers the grant receivables to be fully collectible, therefore, there is no allowance for doubtful accounts as of December 31, 2018.

Due from Other Program

Amounts due are amounts currently receivable for expenses paid from the Radio Program for other programs. The Radio Program does not normally require collateral; therefore, the Radio Program considers the receivable balance to be fully collectible. As a result, there is no allowance for doubtful accounts as of December 31, 2018.

Property, Furniture, and Equipment

The assets acquired by the Foundation are considered to be owned by the Radio Program. The Radio Program follows the practice of capitalizing, at cost, all expenditures for assets in excess \$100 and stated 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:

Building and Improvements	10 to 50 Years
Furniture and Equipment	5 to 10 Years
Vehicles	5 Years

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Radio Program expenses advertising costs as they are incurred. The total advertising expenses were \$2,625 for the year ended December 31, 2018.

Revenues Recognition

The Radio Program receives its grants from various foundations, organizations, and state agencies. The Radio Program also receives contributions from organizations and individuals that are generally for unrestricted revenue. Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted revenue, unless specifically restricted by the donor, and are recorded as net assets without donor restriction. Conditional promises to give are recognized as revenue 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 one year, using risk-free rates applicable to the years in which the promises were received. Amortization of discounts on long-term unconditional promises to give is reported as increases in net assets with donor restrictions.

Grants and other contributions of cash or other assets are reported as net assets with donor 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, net assets with donor restrictions are reclassified to net assets without donor restriction and report in the statement of activities as net assets released from restrictions.

Functional Allocation of 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 prorate percentage of payroll expenses to the total of payroll expenses by program service and specific identification.

Income Taxes

The Foundation has been recognized by the Internal Revenue Service as a nonprofit 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. The Radio Program is a program activity of the Foundation. There was no unrelated business income for 2018.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

The Radio Program adopted Financial Accounting Standards Board (FASB) ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in 2018. The adoption did not impact the Radio Program's financial position as of December 31, 2018 or the changes in its net assets or cash flows for the year then ended.

NOTE 3 CASH AND INVESTMENTS – CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Radio Program's deposits may not be returned to it. The Radio Program does not have a formal policy with respect to custodial credit risk. As of December 31, 2018, the carrying amount of the Radio Program's deposits were \$192,329 and the bank balances were \$198,752. At December 31, 2018, the entire bank balances were covered by federal depository insurance.

NOTE 4 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. The Radio Program received significant amount of contributed time from volunteers that did not meet the recognition criteria described above. Accordingly, the value of contributed time is not reflected in the accompanying financial statements. The Radio Program receives donated services in the form of broadcasting service hours to deliver live and original content. The Radio Program had 22 volunteers of which, 6 regularly came in to the radio station during the year ended December 31, 2018. In general, each volunteer works in four-hour shifts. The volunteers are reimbursed for mileage to the radio station mileage at \$0.485 per mile, which totaled to \$4,991 during the year ended December 31, 2018. The volunteer hours contributed is estimated by management to be 558 hours during the year ended December 31, 2018.

The board of directors and committee members also contribute time on program planning and financial decisions. Their hours contributed is estimated by management to be 209 hours.

The Radio Program received the use of a temporary facilities and land owned by an employee of the Radio Program for \$11,813 which was recorded as in-kind rent and occupancy.

The Radio Program received the use of land for their radio tower for which the lease value was waived by the lessor in the amount of \$7,446, which was recorded as in-kind rent and occupancy.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 DONATION OF SERVICES RECEIVED (CONTINUED)

The Radio Program received in-kind professional audit services that were contributed in the amount of \$ 4,125 and was recorded as in-kind services received and expended.

The Radio Program also received \$21,218 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 5 GRANTS RECEIVABLE – PROMISES TO GIVE

Grants receivable as of December 31, 2018 are included in with donor restricted net assets. These unconditional promises to give are to be received by the Radio Program subsequent to December 31, 2018, and are deemed by management to be fully collectible in 2018.

NOTE 6 PROPERTY, FURNITURE, AND EQUIPMENT

A summary of the property, furniture, and equipment follows:

	Cost	Accumulated Depreciation	Net Book Value
Modular Building and Shed	\$ 71,471	\$ 55,623	\$ 15,848
Furniture and Fixtures	26,116	24,688	1,428
Office and Other Equipment	421,377	415,643	5,734
Total	<u>\$ 518,964</u>	<u>\$ 495,954</u>	<u>\$ 23,010</u>

Depreciation expense was \$14,040 during the year ended December 31, 2018.

NOTE 7 NET ASSETS

Net Assets With Donor Restrictions

At December 31, 2018, net assets with donor restrictions, which are either purposes or time restricted, consisted of the following funding sources:

<u>Grant/Fund</u>	<u>Purpose/Time</u>	
Corporation for Public Broadcasting	October 2018 to September 2020	\$ 143,933
Radio Station Move Grant	Move to Permanent Facility	38,817
First Nations Development Institute	Delivery of Specific Content	24,593
Total Net Assets With Donor Restrictions		<u>\$ 207,343</u>

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 LOAN FROM THE HOPI FOUNDATION

During the 2010 year, a loan payable of \$52,392, due on demand, was recorded as a loan from The Hopi Foundation. The year-end balance was determined as follows:

Loan Balance at Beginning of Year	\$ 32,709
Loan Payment Made	<u>(1,000)</u>
Loan Balance at End of Year	<u><u>\$ 31,709</u></u>

The remaining balance is scheduled to be repaid at \$1,000 per year.

NOTE 9 RETIREMENT PLAN

The Foundation has a 401(k) retirement plan that includes the Radio Program. Employees are eligible to participate in the plan if they are 21 years of age and have completed 12 months of service or 1,000 hours with the Foundation, after the initial enrollment waiver period. They can enter the plan the first day of the following semi-annual entry date after they have become eligible. All elective deferrals made by the employee are 100% vested at all times.

Participants of the plan may voluntarily contribute an amount from 1% to 100% of their compensation during the calendar year up to a maximum contribution of \$18,000. The Foundation is to make employer match contribution benefits as established by the 401(k) retirement plan (Plan) and it generally applies to all full-time employees who meet the criteria as stated in the Plan document to help employees save for their retirement. The Foundation's matching contributions are on 100% of deferrals up to 3% of compensation, plus 50% match on deferrals that exceed 3% of compensation, but not to exceed 5% of the employee's compensation. The Foundation made contributions on behalf of the Radio Program personnel in the amount of \$1,167 to the 401(k) retirement plan for the year ended December 31, 2018.

NOTE 10 TAX DISCLOSURES

The Foundation, including the Radio Program, evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. Management believes that the Foundation and Radio Program have no uncertain tax positions as of December 31, 2018.

THE HOPI FOUNDATION – KUYI 88.1 FM RADIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 OPERATING LEASES

Effective May 1, 2018, the Radio Program entered into an occupancy agreement with an employee of the Radio Program on a month-to-month lease with monthly payments of approximately \$529 for a radio studio. Rent paid during the year ended December 31, 2019, totaled \$3,701.

NOTE 12 CONCENTRATIONS

The Radio Program received 90% of its contributions and public support from two sources during the year ended December 31, 2018.

NOTE 13 RELATED PARTIES

The radio program received the use of a temporary facilities and land owned by an employee of the Foundation in exchange for in-kind underwriting services (Note 4).

Effective May 1, 2018, the Foundation entered into an occupancy agreement with an employee of the Foundation on a month-to-month lease (Note 11).

NOTE 14 LIQUIDITY AND AVAILABILITY

The Radio Program regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. As of December 31, 2018, the Radio Program had ample cash, cash equivalents, and investments to cover operating expenses. The following assets could be readily made available within one year of December 31, 2018 to meet general operating expenses:

Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 192,329
Grants and Pledges Receivable	<u>155,933</u>
Total Financial Assets	<u><u>\$ 348,262</u></u>

NOTE 15 SUBSEQUENT EVENTS

The Radio Program has evaluated subsequent events through August 14, 2019, the date the financial statements were available to be issued.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

