

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

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Hopi Foundation – KUYI 88.1 FM Radio (A Program Activity of The Hopi Foundation), which comprise the statement of financial position as of December 31, 2017, 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.

Board of Directors  
The Hopi Foundation – KUYI 88.1 FM Radio

***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) as of December 31, 2017, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
August 1, 2018

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017**

**ASSETS**

**CURRENT ASSETS**

Cash in Banks	\$ 276,791
Grants Receivable	32,319
Due from Other Program	31,848
Prepaid Expenses	9,527
Total Current Assets	<u>350,485</u>

**NONCURRENT ASSETS**

Property, Furniture, and Equipment, Net of Accumulated Depreciation	<u>37,050</u>
Total Assets	<u><u>\$ 387,535</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 6,748
Loan from The Hopi Foundation	32,709
Total Current Liabilities	<u>39,457</u>
Total Liabilities	39,457

**NET ASSETS**

Unrestricted Restricted	275,759
Temporarily Restricted	72,319
Total Net Assets	<u>348,078</u>
Total Liabilities and Net Assets	<u><u>\$ 387,535</u></u>

See accompanying Notes to Financial Statements.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT, REVENUES, AND OTHER SUPPORT</b>			
Foundation and Other Grants	\$ 3,777	\$ 184,076	\$ 187,853
Contributions from the General Public	4,186	-	4,186
In-Kind Donations	42,355	-	42,355
Underwriting Fees	15,155	-	15,155
Fund Raising - Sale of T-Shirts and Stickers	2,538	-	2,538
Memberships and Subscriptions	720	-	720
Interest Earnings	100	-	100
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions - Grants	168,102	(168,102)	-
Total Public Support, Revenues, and Other Support	236,933	15,974	252,907
<b>EXPENSES</b>			
Program Services	169,456	-	169,456
Supporting Services			
Management and General	37,890	-	37,890
Fundraising	27,254	-	27,254
Total Expenses	234,600	-	234,600
<b>CHANGE IN NET ASSETS</b>	2,333	15,974	18,307
Net Assets - Beginning of Year	273,426	56,345	329,771
<b>NET ASSETS - END OF YEAR</b>	\$ 275,759	\$ 72,319	\$ 348,078

See accompanying Notes to Financial Statements.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
<b>EXPENSES</b>				
Salaries and Related Benefits	\$ 62,023	\$ 28,091	\$ 26,175	\$ 116,289
Meetings and Conferences	14,406	1,745	1,025	17,176
Contract Services	10,807	2,168		12,975
Supplies	110	1,560	11	1,681
Advertising	-	1,553	-	1,553
Printing, Postage, Shipping	193	-	-	193
Telephone	2,416	-	-	2,416
Utilities	16,394	-	-	16,394
Insurance	5,096	-	-	5,096
Travel	7,071	2,015	43	9,129
Occupancy	11,220	-	-	11,220
Equipment Leasing	150	-	-	150
Software	6,240	-	-	6,240
Legal and Accounting	14,130	-	-	14,130
Repairs & Maintenance	2,016	349	-	2,365
Membership Dues	-	409	-	409
Depreciation	17,184	-	-	17,184
	<u>17,184</u>	<u>-</u>	<u>-</u>	<u>17,184</u>
Total Expenses	<u>\$ 169,456</u>	<u>\$ 37,890</u>	<u>\$ 27,254</u>	<u>\$ 234,600</u>

See accompanying Notes to Financial Statements.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 18,307
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	17,184
Loss on Disposal of Assets	349
Increase in Cash Resulting from Changes in:	
Grants Receivable	111,757
Accounts Payable	3,723
Net Cash Provided by Operating Activities	151,320

**CASH FLOWS FROM FINANCING ACTIVITIES**

Loan Payment to The Hopi Foundation	(1,000)
Net Cash Used in Financing Activities	(1,000)

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

150,320

Cash and Cash Equivalents - Beginning of Year

126,471

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 276,791

*See accompanying Notes to Financial Statements.*



**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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) 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 Project 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 presented in accordance with American Institute of Certified Public Accountants (AICPA) Not-for-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, the Foundation is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Foundation maintains its accounts on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

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

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Temporarily Restricted Net Assets – Temporarily restricted net assets are those which are subject to donor-imposed stipulations that may or will be met by the actions the Foundation and/or the passage of time.

Permanently Restricted Net Assets – Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the institution to use all or part of the income earned on related investments for general or specific purposes. The Foundation had no permanently restricted net assets as of December 31, 2017.

**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 Foundation 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 grant unconditional promises to give are determined from actual pledges 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, 2017.

**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 to be fully collectible. As a result, there is no allowance for doubtful accounts as of December 31, 2017.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, Furniture, and Equipment**

The 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 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

**Advertising**

The Foundation expenses advertising costs as they are incurred. The total advertising expenses were \$1,553 for the year ended December 31, 2017.

**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 revenue. Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted revenue unless specifically restricted by the donor. 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 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.

**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 prorated percentage of payroll expenses to the total of payroll expenses by program service and specific identification.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. There was no unrelated business income for 2017.

**NOTE 3 CASH AND INVESTMENTS – 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, 2017, the carrying amount of the Foundation's deposits was \$276,791. At December 31, 2017, 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. 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 14 volunteers, 7 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 totaled to \$5,717. The hours contributed is estimated by management to be 316 hours.

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 203 hours.

The radio program received the use of a temporary facilities and land in exchange for underwriting services for \$ 11,220 which was recorded as in-kind rent and occupancy.

The radio program received in-kind professional audit services that were contributed in the amount of \$ 2,229 and was recorded as in-kind services received and expended.

The radio program also received \$ 28,091 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.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 5 GRANTS RECEIVABLE – PROMISES TO GIVE**

Grants receivable as of December 31, 2017 are temporarily restricted net assets. These unconditional promises to give are to be received by the Foundation subsequent to December 31, 2017, 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	\$ 52,472	\$ 18,999
Furniture and Fixtures	26,116	23,611	2,505
Office and Other Equipment	421,377	405,831	15,546
Total	<u>\$ 518,964</u>	<u>\$ 481,914</u>	<u>\$ 37,050</u>

Depreciation expense was \$17,184 during the year ended December 31, 2017.

**NOTE 7 TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2017, temporarily restricted net assets, which are both purpose and time restricted, consisted of the following by funding source:

Corporation for Public Broadcasting	\$ 32,319
Radio Station Move Grant	40,000
Total Temporarily Restricted Net Assets	<u>\$ 72,319</u>

**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	\$ 33,709
Loan Payment Made	(1,000)
Loan Balance at End of Year	<u>\$ 32,709</u>

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

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 9 RETIREMENT PLAN – 401(K) PLAN**

The Foundation has a 401(k) retirement plan. 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 \$3,270 to the 401(k) retirement plan for the year ended December 31, 2017.

**NOTE 10 TAX DISCLOSURES**

The Foundation 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 has no uncertain tax positions as of December 31, 2017.

**NOTE 11 COMMITMENTS**

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 88.1 FM Radio. The agreement is from September 12, 2016 to April 2018. The monthly rent of \$600 was donated in kind, with the Radio to provide on-air underwriting services of 30-second segments of noncommercial airtime to promote HTHA's nonprofit mission and projects in the community. In April 2018, KUYI 88.1 FM Radio moved the radio station to a new temporary location on a month-to-month lease with monthly payments of approximately \$530.

**THE HOPI FOUNDATION – KUYI 88.1 FM RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 NEW ACCOUNTING STANDARDS**

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, Not-For-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities, which is expected to impact the information presented in the financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. The guidance is required to be applied by the Foundation for the year ended December 31, 2018; however, early application is permitted. Management is evaluating the impact of the amended presentation guidance on the Foundation's financial statements.

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through August 1, 2018, the date the financial statements were available to be issued.