

Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)

Financial Statements and
Independent Auditor's Report

September 30, 2022

**Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Seventh Generation Media Services, Inc.
d/b/a KLND Radio Station
McLaughlin, SD

Opinions

We have audited the accompanying financial statements of Seventh Generation Media Services, Inc., d/b/a KLND Radio Station (the Station), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Station, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Station'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

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.

Donham & Associates

Donham & Associates, Certified Public Accountants, LLC
Albuquerque, NM
July 25, 2023



Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)
Statement of Activities
Year Ended September 30, 2022

	Unrestricted		Temporarily Restricted	Total	2021
	Operations	Total			
Revenues, Gains and Other Support					
Corporation for Public Broadcasting Grants	\$ 182,493	\$ 182,493	\$ -	\$ 182,493	\$ 173,300
Public Broadcasting - ARPA	-	-	-	-	219,325
Other Revenues and Support	187,940	187,940	-	187,940	24,116
In-Kind Revenue	-	-	-	-	328,272
Total Revenues, Gains and Other Support	370,433	370,433	-	370,433	745,013
Expense:					
Programming and Production	176,724	176,724	-	176,724	168,422
Broadcasting and Engineering	3,800	3,800	-	3,800	17,142
Management and General	196,320	196,320	-	196,320	207,556
Total Expenses	376,844	376,844	-	376,844	393,120
Fixed Asset Additions	-	-	-	-	-
Change in Net Assets	(6,411)	(6,411)	-	(6,411)	351,893
Net Assets, Beginning of Year	425,871	425,871	-	425,871	73,978
Net Assets, End of Year	\$ 419,460	\$ 419,460	\$ -	\$ 419,460	\$ 425,871

See accompanying notes to financial statements.

Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)
Statement of Financial Position
September 30, 2022

	2022	2021
<u>Assets</u>		
Current Assets		
Cash and Cash Equivalents	\$ 124,016	\$ 97,599
Total Current Assets	124,016	97,599
Property and Equipment, net	295,444	328,272
Total Assets	\$ 419,460	\$ 425,871
<u>Net Assets</u>		
Unrestricted	\$ 419,460	\$ 425,871
Temporarily Restricted	-	-
Total Net Assets	419,460	425,871
Total Liabilities and Net Assets	\$ 419,460	\$ 425,871

See accompanying notes to financial statements.

Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)
Statement of Cash Flows
Year Ended September 30, 2022

	2022	2021
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (6,411)	\$ 351,893
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used) by Operating Activities:		
Depreciation	32,828	-
Net Cash Provided (Used) by Operating Activities	26,417	351,893
<u>Cash Flows from Investing Activities:</u>		
Purchases of Equipment	-	(328,272)
Net Cash Provided (Used) by Investing Activities	-	(328,272)
<u>Cash Flows from Financing Activities:</u>		
Payment on Balance Due to Corporation for Public Broadcasting	-	-
Net Cash Provided (Used) by Financing Activities	-	-
Net Increase (Decrease) In Cash	26,417	23,621
Cash and Cash Equivalents, Beginning of Year	97,599	73,978
Cash and Cash Equivalents, End of Year	\$ 124,016	\$ 97,599

See accompanying notes to financial statements.

Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)
Notes to Financial Statements
September 30, 2022

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Nature of Operations: Seventh Generation Media Services, Inc. d/b/a/ KLND Radio Station, (the Station) is a South Dakota nonprofit organization established to provide media services to the Standing Rock and Cheyenne River Sioux Indian Reservations. It operates radio station KLND and is based in the Little Eagle District of the Standing Rock Reservation. The Station seeks to encourage unity with the listening public by promoting a greater cultural understanding through educational programming with a commitment to actively engage in the changing contemporary world.

Basis of Presentation: The Station has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 958, Not-for-Profit Entities. Under FASB ASC 958, the Station is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, defined as follows:

Unrestricted Net Assets – represents the expendable resources that are available for operations at management’s discretion.

Temporarily Restricted Net Assets – represents resources restricted by donors as to purpose or by the passage of time.

Permanently Restricted net Assets – represents resources whose use by the Station is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Station.

As of September 30, 2022, temporarily restricted net assets include funds restricted by grant obligations to be used solely for acquiring or producing programming that is to be distributed nationally and is designated to serve the needs of the national audience.

The Station has no permanently restricted net assets.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and Cash Equivalents: The Station considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Underwriting Accounts Receivables and Credit Policies: Underwriting receivables are uncollateralized, non-interest bearing customer obligations due upon receipt of invoice. Payments of underwriting receivables are allocated to the specific invoices identified on the customer’s remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The carrying amount of underwriting receivables is reduced by a valuation allowance that reflects management’s best estimate of the amounts that will not be collected. Management considers history of customer collections and customer reputation in the community when estimating collectability. At September 30, 2022, management considered all underwriting accounts receivable to be collectible.

Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)
Notes to Financial Statements
September 30, 2022

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

Property and Equipment: Property and equipment acquired by the Station are considered to be owned by the Station. The Station follows the practice of capitalizing at cost, all expenditures for fixed assets in excess of \$300. Depreciation is computed on a straight-line basis over depreciable lives ranging from two to twenty-five years.

Contributions: In accordance with Not-for-Profit Entities – Revenue Recognition (FASB ASC 958-605), contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Under FASB ASC 958-605, contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets upon expiration of time restrictions or satisfaction of donor restrictions.

Corporation for Public Broadcasting Community Service Grants: The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization. According to the Communications Act, unrestricted funds may be used at the discretion of recipients for purposes relating primarily to local production and acquisition of programming. In addition, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal communications commissions.

Advertising: The Station expenses advertising costs as they are incurred. Advertising expenses totaled \$0 for the year ended September 30, 2022.

Income Taxes: The Station is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986. This exempt status will continue in effect provided that the Station does not change its purpose, character, or method of operation. The Station has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the

Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)
Notes to Financial Statements
September 30, 2022

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

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 amounts could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated for potential recognition or disclosure in the financial statements through July 25, 2023, the date the financial statements were available to be issued.

2. *CONCENTRATION OF CREDIT RISK:*

A substantial portion of the Station's funding is received from the CPB. A decrease in the amount of funding from CPB would most likely make it impossible for the Station to continue operations. Continued support from CPB is not assured and could vary considerably in the future.

3. *PROPERTY AND EQUIPMENT:*

Property and equipment consisted of the following at September 30, 2022:

Buildings	\$ 221,062
Office Equipment	14,256
Machinery and Equipment	1,274,067
Total Depreciable Property & Equipment	<u>1,509,385</u>
Less: Accumulated Depreciation	<u>(1,213,941)</u>
Total Property & Equipment	<u>\$ 295,444</u>

4. *LEASE AGREEMENTS:*

The Station has a lease agreement with Standing Rock Sioux Tribe beginning on September 17, 2007, for 25 years, ending on September 17, 2032. The agreement is for the Station to lease a portion of the Tribal allotment land for \$0 rent. Rental adjustment may be reviewed at any time and adjusted for no less than five-year terms. The Station has a sublease agreement with Standing Rock Telecommunication, Inc. beginning on September 17, 2007, for 25 years, ending on September 17, 2032. The agreement is for the Station to sublease Communication Facilities to Standing Rock Telecommunication, Inc. for annual rent starting at \$3,317 with expected annual increase not to exceed five percent.

Seventh Generations Media Services, Inc.
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Notes to Financial Statements
September 30, 2022

5. *COMMUNITY SERVICE GRANT:*

The Station was awarded a community service grant in the amount of \$182,493, of which \$38,716 was restricted for the acquisition, production, promotion, and distribution of national programming from the CPB. The grant is to be used to help support the operations of the Station for the fiscal year 2022.

6. *NONFEDERAL FINANCIAL SUPPORT:*

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

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio programs and related activities; and (4) the recipient must be public broadcasting entity on behalf of a public broadcast station. A “payment” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. Reported NFFS for the Station was \$167,249 for 2022.

7. *ACCOUNTING FOR UNCERTAIN TAX POSITIONS:*

The Station adopted the accounting standard regarding “Accounting for Uncertain Tax Positions.” This accounting standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Station’s financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Station files income tax returns in the U.S. federal jurisdictions. With few exceptions, the Station is no longer subject to U.S. federal, state, or local tax examination by tax authorities for years before 2009.

The Station includes all penalties and interest assessed by income taxing authorities in operating expenses. The Station did not have penalties and interest expenses for the year ended September 30, 2022.

SUPPLEMENTAL INFORMATION

Seventh Generations Media Services, Inc.
(d/b/a KLND Radio Station)
Schedule of Functional Expenses
Year Ended September 30, 2022

	2022			
	Programming and Production	Broadcasting and Engineering	Management and General	Total Expenses
Salaries and Related Expenses	\$ -	\$ -	\$ 90,027	\$ 90,027
Total Salaries and Related Expenses	-	-	90,027	90,027
Automotive	-	-	1,408	1,408
Professional Services	79,209	-	47,165	126,374
Utilities	54,645	-	-	54,645
Other Operating Expenses	17,752	-	12,419	30,171
Travel	3,053	-	10,933	13,986
Equipment Rental	-	3,800	-	3,800
Depreciation	-	-	32,827	32,827
Dues & Subscriptions	-	-	853	853
Insurance	-	-	407	407
Supplies	22,065	-	281	22,346
Total	\$ 176,724	\$ 3,800	\$ 196,320	\$ 376,844

	2021			
	Programming and Production	Broadcasting and Engineering	Management and General	Total Expenses
Salaries and Related Expenses	\$ 56,503	\$ -	\$ 99,450	\$ 155,953
Total Salaries and Related Expenses	56,503	-	99,450	155,953
Telephone	385	-	122	507
Professional Services	31,770	15,948	52,084	99,802
Utilities	60,147	-	20,049	80,196
Other Operating Expenses	-	-	17,623	17,623
Travel	-	-	5,504	5,504
Equipment Rental	-	1,194	671	1,865
Supplies	19,617	-	12,053	31,670
Total	\$ 168,422	\$ 17,142	\$ 207,556	\$ 393,120