

Lac Courte Oreilles Ojibwe
Public Broadcasting Corporation
Hayward, Wisconsin

Independent Auditor's Report
with
Restated Financial Statements

For the Year Ended September 30, 2015
(With Summarized Financial Information for the Year Ended September 30, 2014)

Independent Auditor's Report

Board of Directors
Lac Courte Oreilles Ojibwe Public Broadcasting Corporation
Hayward, Wisconsin

We have audited the accompanying financial statements of Lac Courte Oreilles Ojibwe Public Broadcasting Corporation of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, which comprise the statement of financial position as of September 30, 2015, 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 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.

Auditor's 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 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, 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 opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Statement of Net Assets	Qualified
Statements of Revenues, Expenses, And Changes in Fund Net Assets	Unmodified
Statement of Cash Flow	Unmodified

Basis for Qualified Opinion on the Statement of Net Assets

Management was not able to provide us with sufficient and appropriate audit evidence for the line item "Accrued liabilities – payroll and related" on the Statement of Net Assets. Management was not able to provide us with sufficient and appropriate audit evidence and we were not able to confirm the balance of the credit card liabilities.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Statement of Net Assets" paragraph, the financial statements referred to above fairly, in all material respects, the financial position of the Statement of Net Assets, as of September 30, 2015, and the changes in financial position and the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Management has not presented Managements's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Report on Summarized Comparative Information

We have previously audited the Lac Courte Oreilles Ojibwe Public Broadcasting Corporation's 2014 financial statements, and our report dated June 24, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The audited financial statements dated October 11, 2016 contained a material error described in note 5 and should not be relied upon.



October 11, 2016

Lac Courte Oreilles Ojibwe
Public Broadcasting Corporation
Hayward, Wisconsin

Statements of Net Assets
As of September 30, 2015
(With Summarized Financial Information as of September 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash	\$ 9,471	\$ 85,274
Receivables		
Accounts receivable	7,102	13,850
Inventory	856	-
Due from Tribal government	<u>800</u>	<u>800</u>
Total current assets	18,229	99,924
Noncurrent assets		
Land	10,550	10,550
Buildings	40,515	40,515
Equipment	473,171	473,171
Less: Accumulated depreciation	<u>(441,084)</u>	<u>(431,548)</u>
Total noncurrent assets	83,152	92,688
Restricted cash	<u>1,342</u>	<u>1,444</u>
Total assets	<u>\$ 102,723</u>	<u>\$ 194,056</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 1,109	\$ 1,673
Accrued liabilities - payroll and related	40,220	38,189
Line of Credit	-	20,000
Due to Tribal government	57,450	57,450
Deferred Revenue	<u>-</u>	<u>-</u>
Total liabilities	98,778	117,312
Net assets		
Investment in capital assets	83,152	92,688
Unrestricted	<u>(79,207)</u>	<u>(15,943)</u>
Total net assets	3,945	76,745
Total liabilities and net assets	<u>\$ 102,723</u>	<u>\$ 194,056</u>

See Independent Auditor's Report and Notes to Financial Statements

Lac Courte Oreilles Ojibwe
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Statements of Cash Flow
For the Year Ended September 30, 2015
(With Summarized Financial Information as of September 30, 2014)

	2015	2014
Cash flows from operating activities		
Grants and contributions	\$ 270,618	\$ 304,422
Underwriting	19,173	3,540
Sales of goods and services	25,143	42,324
Cash payments to employees	(167,381)	(153,456)
Cash payments to suppliers	(203,457)	(170,157)
Net cash provided (used) by operating activities	(55,905)	26,672
Cash flows from investing activities		
Investment in equipment	-	-
Net cash provided (used) by investing activities	-	-
Cash flows from capital and related financing activities		
Net proceeds (payments) on financing activities	(20,000)	20,000
Net cash flows from capital and related financing activities	(20,000)	20,000
Net increase in cash and cash equivalents	(75,905)	46,672
Cash and cash equivalents - beginning of year	86,718	40,045
Cash and cash equivalents - end of year	\$ 10,813	\$ 86,718
Reconciliation of operating income (loss) to net		
Cash provided by operating activities		
Operating income (loss)	\$ (72,800)	\$ 6,562
Adjustment to reconcile operating income to net cash provided		
(used) by operating activities		
Depreciation	9,536	11,682
Changes in assets and liabilities		
(Increase) decrease accounts receivable	6,748	(4,548)
(Increase) decrease inventory	(856)	-
Increase (decrease) accounts payable	(564)	1,426
Increase (decrease) accrued liabilities	2,031	15,150
Increase (decrease) deferred revenues	-	(3,600)
Net cash provided (used) by operating activities	\$ (55,905)	\$ 26,672
Cash	9,471	85,274
Restricted cash	1,342	1,444
	\$ 10,813	86,718

See Independent Auditor's Report and Notes to Financial Statements

Lac Courte Oreilles Ojibwe
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Notes to Financial Statements
For the Year Ended September 30, 2015

➤ Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Lac Courte Oreilles Ojibwe Public Broadcasting Corporation is chartered under the laws of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians for the purpose of operating an FM public and educational radio station on the Lac Courte Oreilles Indian Reservation in Sawyer County, Wisconsin. WOJB's mission is to promote understanding of the Anishinaabeg by infusing traditional values in all aspects of Lac Courte Oreilles Ojibwe Public Broadcasting Corporation by offering culturally diverse information and entertainment to Indian and non-Indian listeners on behalf of the Lac Courte Oreilles Band of Lake Superior Chippewa.

Summary of Significant Accounting Policies

Basis of Accounting — The financial statements of the Lac Courte Oreilles Ojibwe Public Broadcasting Corporation (herein referred to as "the Corporation") have been prepared on the accrual basis.

The Corporation is a component unit of the Lac Courte Oreilles Band of Lake Superior Chippewa, which is a governmental unit; therefore the Corporation has elected not to adopt the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." In addition, the corporation elected not to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Fund Accounting — In order to insure observance of limitations and restrictions placed on the use of the resources available to the Corporation, the accounts of the Corporation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Accordingly, all financial transactions have been recorded and reported by fund group. The assets, liabilities, and fund balances of the corporation are reported in two self-balancing operating funds, which include unrestricted and restricted resources. These funds represent resources available for support of station operation

Lac Courte Oreilles Ojibwe
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Notes to Financial Statements
For the Year Ended September 30, 2015

➤ Note 1 - Organization and Summary of Significant Accounting Policies - *continued*

Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents — Cash equivalents are financial instruments of less than 91 days maturity. There are currently no cash equivalents on hand at year-end.

Expendable Restricted Resources — Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the station has incurred expenses in compliance with the specific restrictions. Such amounts received but not yet earned are reported as restricted deferred amounts.

Functional Allocation of Expenses — The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or the other systematic bases.

Contributed Services — The estimated fair value of contributed professional services is recorded as revenue and expense in the period when the services are received. Other non-professional services are provided throughout the year, but are not recorded in the financial statements.

Income Taxes — The Corporation is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501 (C) (3). There was no material provision for income tax liability in the financial statements for fiscal years 2015 and 2014.

Accounts (Underwriting) Receivable — The Corporation uses the direct write-off method of accounting for uncollected accounts, this is due to the small number of pledges that can be accrued and the small amounts of uncollectible accounts.

Compensated Absences — The Corporation now allows sick time to be carried forward resulting in a total liability of \$27,123. There remains no carryover of accrued vacation leave at the end of each year; therefore no liability exists at year-end.

Concentration of Credit Risk — The Corporation extends credit to individuals and businesses in the listening region to support underwriting.

Lac Courte Oreilles Ojibwe
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Notes to Financial Statements
For the Year Ended September 30, 2015

➤ Note 2 - Assets

Deposits

The Lac Courte Oreilles Ojibwe Public Broadcasting Corporation deposits cash directly into a checking account held in FDIC member banks and all cash is fully insured.

The Lac Courte Oreilles Ojibwe Public Broadcasting Corporation entered into a grant agreement for the upgrading of equipment. The grant stipulates that the funds be tracked separately and the Corporation opened a separate checking account. The balance of this account at September 30, 2015 is \$1,342.

Underwriting Receivable

An underwriting receivable is a series of billing transactions dealing with agreements with local businesses to underwrite certain programming and broadcasting. Underwriting receivable on the balance sheet represents the money owed to the Lac Courte Oreilles Ojibwe Public Broadcasting Corporation by those local businesses. It is classified as a current asset assuming that they are due within one years' time.

Other Receivable

They are made up of employee receivables and various other receivable amounts.

Property and Equipment

Physical plant, property, and equipment are recorded at cost. Donated assets are recorded at estimated fair value at the date of donation. Depreciation is computed over the estimated useful lives of the various assets. The estimated life of such assets range from between 3 and 40 years. The following is a summary of property and equipment activity for the year:

Asset Type	Beginning Balance	Additions (Deletions)	Ending Balance
Land	\$ 10,550	\$ -	\$ 10,550
Building and improvements	40,515	-	40,515
Equipment	473,171	-	473,171
Subtotal	524,236	-	524,236
Less accumulated depreciation	(431,548)	(9,536)	(441,084)
Net property and equipment	<u>\$ 92,688</u>	<u>\$ (9,536)</u>	<u>\$ 83,152</u>

Lac Courte Oreilles Ojibwe
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Notes to Financial Statements
For the Year Ended September 30, 2015

➤ Note 3 - Liabilities

Interfund Loans and Payables

Various transactions are entered with the Tribal Governing Board that give rise to a liability. The property insurance and worker's compensation was paid by the tribe and billed to the corporation.

➤ Note 4 – Line of Credit

The Corporation opened a line of credit in August 2014. The note is due with one single payment due December 5, 2014 at an interest rate of 5.950%. The balance on the note as of September 30, 2015 was \$0.

Note 5 – Financial Statement Restatement

The previously issued financial statements for the year ended September 30, 2015 contained a material error. The financial statement disclosed a prior period adjustment to unrestricted net assets. This adjustment was related to pledges receivable and should have been recorded to the current period. The following summarizes the effects of the restatement.

	Previously Reported	Restated Amount	Change
Statement of Net Assets:			
Accounts Receivable	\$ 8,397	\$ 7,102	\$ (1,295)
Total Net Assets	\$ 5,240	\$ 3,945	\$ (1,295)
Statement Revenues, Expenses, and Changes in Fund Net Assets			
Fundraising and Membership(Expense)	\$ 12,595	\$ 28,040	\$ 15,445
Increase(Decrease) in Net Assets	\$ (57,355)	\$ (72,800)	\$ (15,445)
Statement of Cash Flows			
Operating Income	\$ (57,355)	\$ (72,800)	\$ (15,445)
Increase(Decrease) Accounts Receivable	\$ (8,697)	\$ 6,748	\$ 15,445
Schedule of Functional Expenses			
Bad Debt Expense	\$ -	\$ 15,445	\$ 15,445

➤ Note 6 – Subsequent Events

The Corporation has evaluated all events occurring through October 11, 2016 and has determined that there are no issues that require disclosure.

Lac Courte Oreilles Ojibwe
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Hayward, Wisconsin

Schedule of Functional Expenses
For the Year Ended September 30, 2015
(With Summarized Financial Information for the Year Ended September 30, 2014)

	Program Services					Supporting Services				
	Programming and Production	Broadcasting	Public Information and Promotion	Total Program Services	Management and General	Fundraising Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	2015 Totals	2014 Totals
Salary and fringe	\$ 75,833	\$ 14,168	\$ -	\$ 90,001	\$ 78,462	\$ 48	\$ 800	\$ 79,311	\$ 169,312	\$ 159,238
Dues and programming	33,226	1,908	-	35,134	4,592	4,595	-	9,187	44,321	52,137
Utilities and rental	-	4,004	-	4,004	28,079	-	-	28,079	32,083	36,072
Equipment purchases and rental	8,961	745	-	9,706	17,054	-	-	17,054	26,760	24,444
Telephone and internet	872	-	-	872	14,511	-	-	14,511	15,383	18,641
Contract services	-	-	-	-	9,988	6,152	-	16,140	16,140	17,170
Advertising and promotion	-	-	-	-	-	1,316	-	1,316	1,316	2,671
Travel and training	-	-	504	504	5,203	348	310	5,861	6,366	10,104
Supplies	-	-	-	-	5,309	23	-	5,332	5,332	6,968
Postage and printing	-	-	144	144	3,612	167	-	3,779	3,923	2,448
Repairs and maintenance	-	-	-	-	-	-	-	-	-	1,624
Depreciation	6,199	2,384	-	8,583	191	477	286	954	9,536	11,682
Bad Debt Expense	-	-	-	-	-	15,445	-	15,445	15,445	-
Other expenses	1,402	-	78	1,480	34,122	(531)	-	33,591	35,071	8,669
Totals	\$ 126,492	\$ 23,209	\$ 727	\$ 150,428	\$ 201,123	\$ 28,040	\$ 1,396	\$ 230,558	\$ 380,986	\$ 351,871

See Independent Auditor's Report and Notes to Financial Statements