



Financial Statements
June 30, 2019

American Indian College Fund

(With Comparative Totals for 2018)

Independent Auditor’s 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



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
American Indian College Fund
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of American Indian College Fund, which comprise the statement of financial position as of June 30, 2019, 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.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian College Fund as of June 30, 2019, 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 discussed in Note 11 to the financial statements, the American Indian College Fund has adopted the provisions of FASB Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. Net assets at June 30, 2018 have been restated to combine temporarily restricted and permanently restricted net assets into a single category of net assets with donor restrictions. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited American Indian College Fund's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Denver, Colorado
October 29, 2019

American Indian College Fund
Statement of Financial Position
June 30, 2019
(with comparative totals for 2018)

	2019	2018 (Restated)
Assets		
Cash and cash equivalents	\$ 1,357,717	\$ 2,298,132
Operating investments	15,316,808	10,590,709
Prepaid expenses and other assets	123,891	282,362
Promises to give, net	4,932,807	8,179,108
Property and equipment, net	2,010,255	1,894,837
Investments held for others	661,810	648,966
Endowment		
Cash and cash equivalents	80,872	98,027
Promises to give, net	2,410,485	464,629
Investments	60,201,056	56,188,926
Total assets	\$ 87,095,701	\$ 80,645,696
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 850,387	\$ 596,491
Investments held for others	661,810	648,966
Total liabilities	1,512,197	1,245,457
Net Assets		
Without donor restrictions		
Undesignated	6,976,993	5,629,046
Board-designated endowment	16,748,482	16,482,952
	23,725,475	22,111,998
With donor restrictions		
Time-restricted	442,391	1,372,366
Purpose-restricted	25,943,286	25,063,781
Perpetual in nature	35,472,352	30,852,094
	61,858,029	57,288,241
Total net assets	85,583,504	79,400,239
Total liabilities and net assets	\$ 87,095,701	\$ 80,645,696

American Indian College Fund

Statement of Activities

Year Ended June 30, 2019

(with comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Support, Revenue and Gains				
Contributions	\$11,520,660	\$14,647,372	\$26,168,032	\$23,125,557
Cy pres contribution	-	-	-	824,000
Contributed public service announcements	3,494,363	-	3,494,363	1,411,555
Net investment return	1,633,770	2,706,336	4,340,106	3,454,918
Other revenue	1,722	44,312	46,034	1,833
Gross special events revenue	471,833	-	471,833	487,191
Less cost of direct benefits to donors	(202,838)	-	(202,838)	(216,692)
Net special events revenue	268,995	-	268,995	270,499
Net assets released from restrictions	12,763,154	(12,763,154)	-	-
Total support, revenue and gains	29,682,664	4,634,866	34,317,530	29,088,362
Expenses and Losses				
Program services expense				
Scholarships and grants	15,882,032	-	15,882,032	16,505,466
Public education	4,873,790	-	4,873,790	2,838,603
Total program expenses	20,755,822	-	20,755,822	19,344,069
Supporting services expense				
Administrative	1,299,817	-	1,299,817	1,284,216
Donor development	6,013,548	-	6,013,548	5,084,871
Total supporting services expenses	7,313,365	-	7,313,365	6,369,087
Loss on uncollectable promises to give	-	65,078	65,078	13,702
Total expenses and losses	28,069,187	65,078	28,134,265	25,726,858
Change in Net Assets	1,613,477	4,569,788	6,183,265	3,361,504
Net Assets, Beginning of Year (Restated)	22,111,998	57,288,241	79,400,239	76,038,735
Net Assets, End of Year	\$23,725,475	\$61,858,029	\$85,583,504	\$79,400,239

American Indian College Fund
Statement of Functional Expenses
Year Ended June 30, 2019
(with comparative totals for 2018)

	2019							
	Program Services							
	Scholarships and Grants	Public Education	Total	Administrative	Donor Development	Cost of Goods Sold	Total	2018
Scholarships and grants	\$ 12,628,349	\$ -	\$ 12,628,349	\$ -	\$ 4,187	\$ -	\$ 12,632,536	\$ 13,310,390
Salaries	2,043,701	510,925	2,554,626	553,502	1,149,584	-	4,257,712	3,943,861
Marketing and promotion	26,057	275,292	301,349	3,500	3,761,202	-	4,066,051	3,511,494
Payroll taxes and benefits	479,899	119,975	599,874	129,973	269,942	-	999,789	990,071
Professional fees	182,836	274,564	457,400	87,724	241,875	-	786,999	887,363
Travel and meals	171,450	7,907	179,357	62,444	161,249	-	403,050	411,313
Information technology	62,267	109,568	171,835	17,212	194,647	-	383,694	235,005
Cost of direct benefits to donors	-	-	-	-	-	202,838	202,838	216,692
Publications, dues, and subscriptions	40,820	42,724	83,544	14,998	40,920	-	139,462	117,092
Office expenses	45,192	10,394	55,586	13,374	66,120	-	135,080	139,626
Bank charges	-	-	-	114,550	-	-	114,550	106,061
Board meetings	-	-	-	111,132	-	-	111,132	108,797
Bad debt expense	-	-	-	87,089	-	-	87,089	13,702
Building and equipment maintenance	28,646	7,166	35,812	10,477	16,074	-	62,363	71,154
Other expenses	6,259	1,131	7,390	40,230	12,688	-	60,308	99,815
Insurance	25,012	6,252	31,264	6,773	14,071	-	52,108	48,547
Conferences	30,126	600	30,726	6,024	7,683	-	44,433	36,335
Staff development	14,039	2,085	16,124	14,441	5,029	-	35,594	71,171
Noncash expenses								
Donated advertising	-	3,480,863	3,480,863	-	13,500	-	3,494,363	1,411,555
Depreciation	97,379	24,344	121,723	26,374	54,777	-	202,874	199,804
Total expenses by function	15,882,032	4,873,790	20,755,822	1,299,817	6,013,548	202,838	28,272,025	25,929,848
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(202,838)	(202,838)	(216,692)
Total expenses included in the expense section on the statement of activities	<u>\$ 15,882,032</u>	<u>\$ 4,873,790</u>	<u>\$ 20,755,822</u>	<u>\$ 1,299,817</u>	<u>\$ 6,013,548</u>	<u>\$ -</u>	<u>\$ 28,069,187</u>	<u>\$ 25,713,156</u>

American Indian College Fund
Statement of Cash Flows
Year Ended June 30, 2019
(with comparative totals for 2018)

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 6,183,265	\$ 3,361,504
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	202,874	199,804
Realized and unrealized gain on operating investments	(343,338)	(128,059)
Loss on uncollectable promises to give	65,078	13,702
Contributions restricted to endowment	(4,625,265)	(1,443,664)
Endowment net investment return	(3,523,266)	(3,231,406)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	158,471	(36,135)
Promises to give, net	3,181,223	(2,967,234)
Accounts payable and accrued expenses	253,896	(66,221)
Net Cash from (used for) Operating Activities	1,552,938	(4,297,709)
Cash Flows from Investing Activities		
Purchases of operating investments	(6,292,058)	(1,500,000)
Proceeds from sales of operating investments	1,909,297	1,945,233
Purchases of property and equipment	(318,292)	(72,241)
Net (additions to) withdrawals from endowment	(471,709)	1,484,962
Net Cash from (used for) Investing Activities	(5,172,762)	1,857,954
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	2,679,409	2,537,663
Net Cash from Financing Activities	2,679,409	2,537,663
Net Change in Cash and Cash Equivalents	(940,415)	97,908
Cash and Cash Equivalents, Beginning of Year	2,298,132	2,200,224
Cash and Cash Equivalents, End of Year	\$ 1,357,717	\$ 2,298,132

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The American Indian College Fund (the College Fund, we, us, our) invests in Native students and tribal college education to transform lives and communities. During our 2019 fiscal year, we provided scholarships to over 3,900 students seeking to better their lives through higher education. However, the College Fund provides more than just scholarship support. We provide meaningful support all along the college pathway to support students in becoming employable graduates. The College Fund coaches high school students with their college readiness, selection, and financial aid. We support students with transitioning from two year-institutions to four-year institutions. Career readiness support includes internships, mentoring programs, resume building, interviewing and networking skill development, and other career exploration experiences. We also provide support for tribal college needs, ranging from capital support to cultural preservation curricula. The College Fund serves large proportions of non-traditional students, those with dependent family members, first-generation college students, and many others who previously had little to no support for post-secondary education. The College Fund receives no local, state tax, or federal support. We work with the private sector to raise funds crucial to the success of American Indian students in achieving their academic and career-readiness goals.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Adoption of FASB Accounting Standards Update

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which modifies the presentation and disclosure requirements of not-for-profit entities. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the donor-restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statement of activities net of external and direct internal investment expenses.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowment are excluded from this definition.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Promises to Give

We record unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2019 the allowance was \$98,550.

Property and Equipment

We record property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-one-and-one-half years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2019.

Investments Held For Others

We manage investments on behalf of several tribal colleges and universities (TCUs). Assets received, investment return, and distributions are recorded as an increase or a decrease in the asset and the related liability.

Perpetual Trust

We are the sole irrevocable beneficiary and trustee of a perpetual trust. The trust provides for the distribution of the net income of the trust to us; however, the assets of the trust are to be maintained in perpetuity. Trust assets are included in the Endowment.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- (or certain grantor-) imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment (Note 6).

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. During the year ended June 30, 2019, we received donated television and radio air time and magazine and newspaper print space, with a total estimated value of \$3,494,363 to broadcast and publish our public service announcements.

Advertising and Direct Marketing Costs

Advertising and direct marketing costs, which include donated public service announcements and direct marketing solicitations and donor engagement, are expensed as incurred, and totaled \$7,560,414 during the year ended June 30, 2019.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and payroll taxes and benefits, which are allocated on the basis of time and effort.

Income Taxes

The College Fund is organized as a Washington, D.C. nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purpose. We have filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. We did not incur significant income tax expense during the year ended June 30, 2019.

We believe that we have appropriate support for any tax positions taken affecting our annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements. We would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The College Fund's Forms 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2015.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from corporate partners and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the Investment Committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Subsequent Events

We have evaluated subsequent events through October 29, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use to purposes more narrow than our ongoing programmatic activities and services in support of those activities within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,357,717
Operating investments	12,090,768
Promises to give due in the next year	4,628,806
Endowment spending-rate distributions and appropriations	<u>2,346,000</u>
	<u>\$ 20,423,291</u>

Operating investments include donor restricted funds of \$10,981,292 of which \$7,755,252 is expected to be spent in the normal course of operation in the next 12 months.

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Accumulated earnings on donor-restricted endowment funds are subject to an annual spending draw as necessary to fund scholarships and grant expenses as determined by the Board of Trustees (Note 6). A board-designated endowment of \$16,748,482 is subject to the same annual spending policy. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditures as part of our annual endowment spending appropriation), these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in money market funds and in short-term investments.

Note 3 - Fair Value Measurements and Disclosures

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they are comprised of open-end mutual funds, domestic equities, and exchange-traded energy master limited partnerships with readily determinable fair values based on daily redemption values and closing market prices. Domestic corporate bonds, U.S. Government obligations, and domestic asset-backed mortgage securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

We use net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of pooled hedge funds and a pooled floating-rate fund which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

American Indian College Fund

Notes to Financial Statements

June 30, 2019

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2019:

	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Operating investments					
Cash and money market funds (at cost)	\$ 177,787	\$ -	\$ -	\$ -	\$ -
Debt securities					
Domestic corporate bonds	10,754,421	-	10,754,421	-	-
U.S. Government obligations	3,147,579	-	3,147,579	-	-
Domestic asset-backed mortgage securities	811,643	-	811,643	-	-
Domestic equities	425,378	425,378	-	-	-
	<u>\$ 15,316,808</u>	<u>\$ 425,378</u>	<u>\$ 14,713,643</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment investments					
Cash and money market funds (at cost)	\$ 160,002	\$ -	\$ -	\$ -	\$ -
Debt securities					
Domestic corporate bonds	873,079	-	873,079	-	-
Domestic equities	137,299	137,299	-	-	-
Mutual funds					
Equities	28,316,632	28,316,632	-	-	-
Corporate bonds	13,119,353	13,119,353	-	-	-
Money market	2,569,277	2,569,277	-	-	-
Investments in funds and partnerships					
Exchange-traded energy master limited partnerships	2,151,982	2,151,982	-	-	-
Pooled hedge funds	10,463,984	-	-	-	10,463,984
Pooled floating-rate fund	2,409,448	-	-	-	2,409,448
	<u>\$ 60,201,056</u>	<u>\$ 46,294,543</u>	<u>\$ 873,079</u>	<u>\$ -</u>	<u>\$ 12,873,432</u>
Investments held for others					
Cash and money market funds (at cost)	\$ 1,760	\$ -	\$ -	\$ -	\$ -
Debt securities					
Domestic corporate bonds	9,598	-	9,598	-	-
Domestic equities	1,509	1,509	-	-	-
Mutual funds					
Equities	311,294	311,294	-	-	-
Corporate bonds	144,225	144,225	-	-	-
Money market	28,245	28,245	-	-	-
Investments in funds and partnerships					
Exchange-traded energy master limited partnerships	23,657	23,657	-	-	-
Pooled hedge funds	115,034	-	-	-	115,034
Pooled floating-rate fund	26,488	-	-	-	26,488
	<u>\$ 661,810</u>	<u>\$ 508,930</u>	<u>\$ 9,598</u>	<u>\$ -</u>	<u>\$ 141,522</u>

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient were as follows at June 30, 2019:

	<u>Number of Investments</u>	<u>Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Pooled hedge funds	4	\$ 10,579,018	\$ -	Monthly/ 25% Quarterly	30/ 60/ 90 Days
Pooled floating-rate fund	1	<u>2,435,936</u>	<u>-</u>	Quarterly	30 Days
		<u>\$ 13,014,954</u>	<u>\$ -</u>		

Pooled Hedge Funds – Funds that can invest in multiple strategies, including long and short positions in liquid global equity, exchange traded funds, futures, forwards, swaps, currency and futures options contracts. Fund managers may invest in value, growth, or event-driven equity opportunities and typically are not restricted by market capitalization, industry sector, or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.

Pooled Floating-Rate Fund – Fund seeks to maximize total returns by investing primarily in senior secured, floating rate loans of non-investment grade companies, and can invest in a variety of strategies. The funds also invest in floating rate bonds, notes or other debentures.

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2019:

Within one year	\$ 6,817,842
In one to five years	524,000
Greater than five years	<u>100,000</u>
	7,441,842
Less allowance for uncollectable promises to give	<u>(98,550)</u>
	<u>\$ 7,343,292</u>

Promises to give appear as follows in the statement of financial position:

Promises to give, net	\$ 4,932,807
Endowment promises to give, net	<u>2,410,485</u>
	<u>\$ 7,343,292</u>

At June 30, 2019, two donors accounted for 44 percent of total promises to give. Promises to give due in more than one year are not discounted to present value because the amount of the discount is immaterial.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2019:

Land	\$ 100,000
Building and improvements	2,600,224
Furniture and equipment	581,837
	<u>3,282,061</u>
Less accumulated depreciation	<u>(1,271,806)</u>
	<u>\$ 2,010,255</u>

Note 6 - Endowments

Our endowment (the Endowment) consists of approximately 120 individual funds established by donors, a purpose-restricted term-endowment fund (term endowment), and a perpetual trust of which we are the trustee. The individual endowments and the term endowment were established by donors to provide annual funding for scholarships and support to tribal college students and tribal colleges. The term endowment is to be invested and spent over a period of ten years. The perpetual trust, known as the Leibowitz Trust, was established to provide annual support for our operations without donor restrictions. Our Endowment also includes certain net assets without donor restrictions designated for endowment by our Board of Trustees.

Net assets associated with our Endowment are classified and reported based on the existence or absence of donor-imposed restrictions. Pursuant to the terms of the Leibowitz Trust, the annual net investment return of the Trust is available for our unrestricted use without requiring appropriation for expenditure. Accordingly, the net investment return of the Trust is not included in the changes in Endowment net assets presented below.

Our Board of Trustees has interpreted the Washington, D.C. Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

American Indian College Fund

Notes to Financial Statements

June 30, 2019

As of June 30, 2019, we had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 16,748,482	\$ -	\$ 16,748,482
Purpose-restricted term-endowment fund	-	1,001,417	1,001,417
Leibowitz perpetual trust	-	2,606,722	2,606,722
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	32,865,630	32,865,630
Accumulated investment gains	-	9,470,162	9,470,162
	\$ 16,748,482	\$ 45,943,931	\$ 62,692,413

Investment and Spending Policies

We have adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations. Over time, long-term rates of return along with, donations and designations into the endowment, should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Our Board of Trustees appropriates amounts for distribution each year as necessary to fund scholarship and grant expenses as determined by the Board of Trustees. In establishing this policy, the Board of Trustees considered the long-term expected return on the endowment and current needs, including times of market downturn. Accordingly, over the long term, we expect the current spending policy to preserve the net assets with donor restrictions held in perpetuity. This is consistent with our objective to preserve the original fair values of the original gifts made to the Endowment as well as to provide an opportunity for real growth through new gifts and undistributed investment return.

Changes in Endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 16,482,952	\$ 40,268,630	\$ 56,751,582
Net investment return	816,930	2,706,336	3,523,266
Contributions	-	4,625,265	4,625,265
Appropriation of endowment earnings pursuant to distribution policy:			
Donor-restricted endowment	-	(1,656,300)	(1,656,300)
Board-designated endowment	(551,400)	-	(551,400)
Endowment net assets, end of year	\$ 16,748,482	\$ 45,943,931	\$ 62,692,413

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose as of June 30, 2019:

Subject to the passage of time	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 442,391
Subject to expenditure for specified purpose	
Scholarships and other student support	7,259,450
Faculty PhD and masters fellowships	1,746,809
Cultural preservation programs	497,099
Early Childhood Education projects	558,407
Environmental sustainability programming	307,151
TCU infrastructure projects	852,011
High school and first year experience programming	2,473,363
Other grants and programs	1,777,417
	<u>15,471,707</u>
Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for	
Scholarships	7,133,292
Cultural preservation programs	1,677,105
TCU support, staff development and other	659,765
	<u>9,470,162</u>
Purpose-restricted term-endowment for scholarships	<u>1,001,417</u>
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation	
Scholarships	26,522,704
Cultural preservation programs	3,020,000
TCU support, staff development and other	3,322,926
	<u>32,865,630</u>
Perpetual in nature, not subject to spending policy or appropriation Leibowitz perpetual trust	<u>2,606,722</u>
Total endowments	<u>45,943,931</u>
	<u>\$ 61,858,029</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Expiration of time restrictions	\$ 1,289,075
Satisfaction of purpose restrictions	
Scholarships and other student support	5,953,423
Faculty PhD and masters fellowships	688,646
Cultural preservation programs	386,603
Early Childhood Education projects	1,063,379
Environmental sustainability programming	296,133
TCU infrastructure projects	345,504
High school and first year experience programming	271,637
Other grants and programs	812,454
	<u>9,817,779</u>
Restricted-purpose spending-rate distributions and appropriations	
Scholarships	1,284,768
Cultural preservation programs	193,029
TCU support, staff development and other	74,335
Purpose-restricted term-endowment for scholarships	104,168
	<u>1,656,300</u>
	<u>\$ 12,763,154</u>

Note 8 - Employee Benefits

We sponsor a tax-deferred plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code covering substantially all full-time employees. The plan provides that employees who have attained the age of 21 may voluntarily contribute a percentage of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Trustees annually. During the year ended June 30, 2019, we contributed 2% of each qualifying employee's wages and matched employee voluntary contributions up to 5%, resulting in contributions to the plan of approximately \$215,000.

Note 9 - Related Party Transactions

Certain members of our Board of Trustees also serve as tribal college presidents. Those colleges are eligible, along with all other tribal colleges, to receive scholarship and other direct funding awards from the College Fund. Typically, awards are distributed on an objective or equal basis among all the tribal colleges. During the year ended 2019, approximately \$2.7 million was distributed to tribal colleges whose presidents also serve as Trustees for the College Fund.

During the year ended June 30, 2019, a member of our Board of Trustees served as an executive and owner of a company from which we purchased approximately \$610,000 of advertising, social media, and consulting services. In addition, during the year ended June 30, 2019, various members of the Board of Trustees made contributions to the College Fund totaling approximately \$160,000.

Note 10 - Contributions by Source

During the year ended June 30, 2019, contributions, excluding special events, were received from the following sources:

Individuals	\$ 6,293,433
Bequests	10,042,963
Corporations and corporate foundations	4,833,793
Charitable foundations	<u>4,997,843</u>
	<u>\$ 26,168,032</u>

Note 11 - Adoption of ASU 2016-14

We adopted the provisions of FASB Accounting Standards Update 2014-16, *Presentation of Financial Statements of Not-For-profit Entities*, as of July 1, 2018.

The following financial statement line items for the year ended June 30, 2018 were restated as a result of the adoption:

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Restated</u>
Temporarily restricted net assets	\$ 26,436,147	\$ (26,436,147)	\$ -
Permanently restricted net assets	\$ 30,852,094	\$ (30,852,094)	\$ -
Net assets with donor restrictions	\$ -	\$ 57,288,241	\$ 57,288,241