



Financial Statements
June 30, 2020

American Indian College Fund

(With Comparative Totals for 2019)

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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, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited American Indian College Fund's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Denver, Colorado
October 21, 2020

American Indian College Fund
Statement of Financial Position
June 30, 2020
(with comparative totals for 2019)

	2020	2019
Assets		
Cash and cash equivalents	\$ 6,074,381	\$ 1,357,717
Operating investments	29,145,412	15,316,808
Prepaid expenses and other assets	132,254	123,891
Promises to give, net	6,161,557	4,932,807
Property and equipment, net	1,817,147	2,010,255
Investments held for others	634,295	661,810
Endowment		
Cash and cash equivalents	178,893	80,872
Promises to give, net	2,320,000	2,410,485
Investments	61,628,509	60,201,056
Total assets	\$ 108,092,448	\$ 87,095,701
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 1,023,110	\$ 850,387
Refundable advance - PPP loan	792,500	-
Investments held for others	634,295	661,810
Total liabilities	2,449,905	1,512,197
Net Assets		
Without donor restrictions		
Undesignated	10,083,026	6,976,993
Board-designated endowment	16,495,865	16,748,482
	26,578,891	23,725,475
With donor restrictions		
Time-restricted	448,651	442,391
Purpose-restricted	39,544,510	25,943,286
Perpetual in nature	39,070,491	35,472,352
	79,063,652	61,858,029
Total net assets	105,642,543	85,583,504
Total liabilities and net assets	\$ 108,092,448	\$ 87,095,701

American Indian College Fund

Statement of Activities

Year Ended June 30, 2020

(with comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Support, Revenue and Gains				
Contributions	\$ 15,060,105	\$ 31,995,576	\$ 47,055,681	\$ 26,168,032
Contributed public service announcements	3,478,865	-	3,478,865	3,494,363
Net investment return	775,624	31,408	807,032	4,340,106
Other revenue	11,535	61,895	73,430	46,034
Gross special events revenue	87,397	-	87,397	471,833
Less cost of direct benefits to donors	(63,904)	-	(63,904)	(206,399)
Net special events revenue	23,493	-	23,493	265,434
Net assets released from restrictions	14,764,408	(14,764,408)	-	-
Total support, revenue and gains	34,114,030	17,324,471	51,438,501	34,313,969
Expenses and Losses				
Program services expense				
Scholarships and grants	18,492,015	-	18,492,015	15,882,032
Public education	5,432,696	-	5,432,696	4,873,790
Total program expenses	23,924,711	-	23,924,711	20,755,822
Supporting services expense				
Administrative	1,366,380	-	1,366,380	1,299,817
Donor development	5,969,523	-	5,969,523	6,013,548
Total supporting services expenses	7,335,903	-	7,335,903	7,313,365
Loss on uncollectable promises to give	-	118,848	118,848	65,078
Total expenses and losses	31,260,614	118,848	31,379,462	28,134,265
Change in Net Assets	2,853,416	17,205,623	20,059,039	6,179,704
Net Assets, Beginning of Year	23,725,475	61,858,029	85,579,943	79,400,239
Net Assets, End of Year	<u>\$ 26,578,891</u>	<u>\$ 79,063,652</u>	<u>\$ 105,638,982</u>	<u>\$ 85,579,943</u>

American Indian College Fund
Statement of Functional Expenses
Year Ended June 30, 2020
(with comparative totals for 2019)

	2020							
	Program Services							
	Scholarships and Grants	Public Education	Total	Administrative	Donor Development	Cost of Goods Sold	Total	2019
Scholarships and grants	\$ 15,219,188	\$ -	\$ 15,219,188	\$ -	\$ 3,796	\$ -	\$ 15,222,984	\$ 12,632,536
Marketing and promotion	66,035	799,844	865,879	1,000	3,647,240	-	4,514,119	4,066,051
Salaries	2,097,353	490,870	2,588,223	713,992	1,160,238	-	4,462,453	4,257,712
Payroll taxes and benefits	490,999	114,915	605,914	167,148	271,616	-	1,044,678	999,789
Professional fees	201,463	289,637	491,100	100,796	229,953	-	821,849	786,999
Information technology	68,396	175,506	243,902	22,533	350,203	-	616,638	383,694
Travel and meals	83,359	21,024	104,383	18,602	108,236	-	231,221	403,050
Bank charges	-	-	-	126,976	-	-	126,976	114,550
Office expenses	37,039	5,922	42,961	11,616	60,576	-	115,153	135,080
Building and equipment maintenance	40,655	9,926	50,581	13,840	22,490	-	86,911	62,363
Publications, dues, and subscriptions	14,864	12,213	27,077	21,923	28,582	-	77,582	139,462
Board meetings	-	-	-	74,497	-	-	74,497	111,132
Cost of direct benefits to donors	-	-	-	-	-	63,904	63,904	202,838
Other expenses	10,951	48	10,999	32,371	10,472	-	53,842	60,308
Insurance	25,105	5,876	30,981	8,546	13,888	-	53,415	52,108
Staff development	18,491	614	19,105	13,709	2,129	-	34,943	35,594
Conferences	17,173	3,811	20,984	1,118	4,263	-	26,365	44,433
Bad debt expense	-	-	-	-	-	-	-	87,089
Noncash expenses								
Donated advertising	-	3,478,865	3,478,865	-	-	-	3,478,865	3,494,363
Depreciation	100,944	23,625	124,569	37,713	55,841	-	218,123	202,874
Total expenses by function	18,492,015	5,432,696	23,924,711	1,366,380	5,969,523	63,904	31,324,518	28,272,025
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(63,904)	(63,904)	(202,838)
Total expenses included in the expense section on the statement of activities	\$ 18,492,015	\$ 5,432,696	\$ 23,924,711	\$ 1,366,380	\$ 5,969,523	\$ -	\$ 31,260,614	\$ 28,069,187

American Indian College Fund
Statement of Cash Flows
Year Ended June 30, 2020
(with comparative totals for 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 20,059,039	\$ 6,183,265
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	218,123	202,874
Realized and unrealized gain on operating investments	(232,877)	(343,338)
Loss on uncollectable promises to give	118,848	65,078
Contributions restricted to endowment	(3,875,654)	(4,625,265)
Endowment net investment return	(81,277)	(3,523,266)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(8,363)	158,471
Promises to give, net	(1,347,598)	3,181,223
Accounts payable and accrued expenses	172,723	253,896
Refundable advance - PPP loan	792,500	-
Net Cash from Operating Activities	15,815,464	1,552,938
Cash Flows from Investing Activities		
Purchases of operating investments	(18,910,624)	(6,292,058)
Proceeds from sales of operating investments	5,314,897	1,909,297
Purchases of property and equipment	(25,015)	(318,292)
Net additions to endowment	(1,444,197)	(471,709)
Net Cash (used for) Investing Activities	(15,064,939)	(5,172,762)
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	3,966,139	2,679,409
Net Cash from Financing Activities	3,966,139	2,679,409
Net Change in Cash and Cash Equivalents	4,716,664	(940,415)
Cash and Cash Equivalents, Beginning of Year	1,357,717	2,298,132
Cash and Cash Equivalents, End of Year	\$ 6,074,381	\$ 1,357,717

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The American Indian College Fund (the College Fund, we, us, our) invests in American Indian students and tribal college education to transform lives and communities. During our 2020 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 support from local or state tax authorities. 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.

COVID-19 Response

The on-going COVID-19 pandemic has caused an economic downturn on a global scale and adversely effected so many American Indian students, their communities and tribal colleges and universities in how they engage in higher education.

Although COVID-19 has modified how the College Fund operates, it did not impact our mission, instead its importance has been magnified. We continued to support American Indian students in becoming employable graduates and have adapted our programming to serve students virtually.

As classrooms were closing across tribal college and university campuses, and the negative impacts of the pandemic mounted in our reservation communities, our donor partners stepped up with an outpouring of generosity. Prior to the pandemic, the College Fund was on track to have one of our most successful fundraising years, and with the generosity of emergency aid support, the College Fund ended the year with record setting donation revenues.

The College Fund has utilized emergency fund donations and transformative response aid to enhance and expand how we support American Indian student enrollment and persistence in college.

We provided substantial financial support for basic needs and have expanded our coaching and engagement supports to serve students mental well-being and help them navigate a transition to remote learning. In addition to directly serving American Indian students with enhanced supports, we have provided supplementary financial and technical assistance to 35 tribal colleges and universities.

Transformative response aid to tribal colleges and universities included computers for faculty and students, funding for internet hot spots for students and enhanced information technology infrastructures at the tribal colleges and universities, training for faculty to adapt courses to virtual learning models, and financial support for student stipends to support food and housing security and internet access.

While the College Fund's efforts have been focused on supporting American Indian students and tribal colleges and universities, we took significant measures to also focus on the safety and well-being of our staff. Team members were provided tools and resources to work remotely, travel was paused, and additional supports for mental well-being have been implemented.

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, 2019, from which the summarized information was derived.

Adoption of FASB Accounting Standards Update

As of July 1, 2019, FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists us in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are not held as part of our operating investments, to be cash and cash equivalents. In addition, 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, 2020 the allowance was \$51,050.

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, 2020.

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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment (Note 7).

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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

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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received advance payment under the Paycheck Protection Program (PPP) of \$792,500 that has not been recognized at June 30, 2020 because qualifying expenditures have not yet been submitted for forgiveness (Note 6).

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

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, 2020, we received donated television air time and magazine and newspaper print space, with a total estimated value of \$3,478,865 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 \$7,992,984 during the year ended June 30, 2020.

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, 2020.

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 2016.

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 21, 2020, 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	\$ 6,074,381
Operating investments	7,341,412
Promises to give due in the next year	4,952,273
Endowment spending-rate distributions and appropriations	1,921,000
	<u>\$ 20,289,066</u>

Operating investments include donor restricted funds of \$25,465,429 of which \$3,661,429 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 7). A board-designated endowment of \$16,495,865 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 and U.S. Government obligations 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, 2020

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, at June 30, 2020:

	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)	\$ 5,444,862	\$ -	\$ -	\$ -	\$ -
Debt securities					
Domestic corporate bonds	12,794,942	-	12,794,942	-	-
U.S. Government obligations	10,905,608	-	10,905,608	-	-
	<u>\$ 29,145,412</u>	<u>\$ -</u>	<u>\$ 23,700,550</u>	<u>\$ -</u>	<u>\$ -</u>
Investments held for others					
Cash and money market funds (at cost)	\$ 689	\$ -	\$ -	\$ -	\$ -
Domestic equities	1,577	1,577	-	-	-
Mutual funds					
Equities	294,769	294,769	-	-	-
Corporate bonds	209,893	209,893	-	-	-
Money market	5,114	5,114	-	-	-
Investments in funds and partnerships					
Exchange-traded energy master limited partnerships	14,059	14,059	-	-	-
Pooled hedge funds	107,172	-	-	-	107,172
Pooled floating-rate fund	1,022	-	-	-	1,022
	<u>\$ 634,295</u>	<u>\$ 525,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,194</u>
Endowment investments					
Cash and money market funds (at cost)	\$ 67,589	\$ -	\$ -	\$ -	\$ -
Domestic equities	153,238	153,238	-	-	-
Mutual funds					
Equities	28,639,214	28,639,214	-	-	-
Corporate bonds	20,393,376	20,393,376	-	-	-
Money market	496,919	496,919	-	-	-
Investments in funds and partnerships					
Exchange-traded energy master limited partnerships	1,365,998	1,365,998	-	-	-
Pooled hedge funds	10,412,884	-	-	-	10,412,884
Pooled floating-rate fund	99,291	-	-	-	99,291
	<u>\$ 61,628,509</u>	<u>\$ 51,048,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,512,175</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, 2020:

	<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	3	\$ 10,520,056	\$ -	Monthly/ 25% Quarterly	30/ 60/ 90 Days
Pooled floating-rate fund	1	100,313	-	Quarterly	30 Days
		<u>\$ 10,620,369</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, 2020:

Within one year	\$ 4,952,273
In one to five years	3,530,334
Greater than five years	50,000
	<u>8,532,607</u>
Less allowance for uncollectable promises to give	(51,050)
	<u>\$ 8,481,557</u>

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

Promises to give, net	\$ 6,161,557
Endowment promises to give, net	2,320,000
	<u>\$ 8,481,557</u>

At June 30, 2020, three donors accounted for 55 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, 2020:

Land	\$ 100,000
Building and improvements	2,604,839
Furniture and equipment	446,174
	<u>3,151,013</u>
Less accumulated depreciation	(1,333,866)
	<u><u>\$ 1,817,147</u></u>

Note 6 - Refundable Advance – Paycheck Protection Program (PPP) Loan

We were granted a \$792,500 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal Government. We are eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. We have initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. We will be required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing upon notification of forgiveness or partial forgiveness.

Note 7 - Endowments

Our endowment (the Endowment) consists of approximately 120 individual funds established by donors and a purpose-restricted term-endowment fund (term endowment). 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, there are seven years remaining on the term endowment. 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.

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, 2020, 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

As of June 30, 2020, we had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 16,495,865	\$ -	\$ 16,495,865
Purpose-restricted term-endowment fund	-	896,898	896,898
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	39,070,491	39,070,491
Accumulated investment gains	-	7,664,148	7,664,148
	<u>\$ 16,495,865</u>	<u>\$ 47,631,537</u>	<u>\$ 64,127,402</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UMPIFA to permit spending from underwater endowments in accordance with prudent measures required under law but chose to suspend distributions from these funds until such time as the deficiencies are recovered via market returns. At June 30, 2020, funds with original gift values of \$3,000,000, fair values of \$2,951,120 and deficiencies of \$48,800 have been reported in the net assets with donor restrictions. The deficiencies resulted from unfavorable market fluctuations.

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).

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the lesser of the average fair value of the Endowment investments for the prior 3 years at November 30 of each year or the current fair market value at November 30, to determine the spending amount for the upcoming year. The spending rate maximum is 4.5 percent. In establishing this policy, the Board of Directors considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time. 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, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 16,748,482	\$ 45,943,931	\$ 62,692,413
Net investment return	49,869	31,408	81,277
Contributions	277,514	3,598,140	3,875,654
Appropriation and distribution of endowment earnings pursuant to spending policy:			
Donor-restricted endowment	-	(1,941,942)	(1,941,942)
Board-designated endowment	(580,000)	-	(580,000)
Endowment net assets, end of year	<u>\$ 16,495,865</u>	<u>\$ 47,631,537</u>	<u>\$ 64,127,402</u>

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose as of June 30, 2020:

Subject to the passage of time	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 448,651
Subject to expenditure for specified purpose	
Scholarships and other student support	17,191,435
Faculty PhD and masters fellowships	984,459
Cultural preservation programs	2,196,073
Early Childhood Education projects	353,415
TCU infrastructure projects	712,438
High school and first year experience programming	1,887,934
COVID-19 transformative response aid	3,040,958
Computer science and capacity building	1,579,130
Environmental and natural sciences	1,300,000
Affordability, credentialing, & TCU sustainability	458,950
GED programming	300,000
Workforce development projects	370,662
Other grant funded projects and programs	608,010
	<u>30,983,464</u>

(Net Assets with Donor Restrictions Continued)

Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for	
Scholarships	5,601,360
Cultural preservation programs	1,479,667
TCU support, staff development and other	583,121
	<u>7,664,148</u>
Purpose-restricted term-endowment for scholarships	<u>896,898</u>
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation	
Scholarships	30,120,843
Cultural preservation programs	3,020,000
TCU support, staff development and other	3,322,926
General	2,606,722
	<u>39,070,491</u>
Total endowments	<u>47,631,537</u>
	<u>\$ 79,063,652</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, 2020:

Expiration of time restrictions	\$ 302,483
Satisfaction of purpose restrictions	
Scholarships and other student support	6,422,893
Faculty PhD and masters fellowships	769,851
Cultural preservation programs	551,026
Early Childhood Education projects	555,138
Environmental sustainability programming	307,152
TCU infrastructure projects	139,573
COVID-19 emergency aid	1,478,042
Computer science and capacity building	1,065,429
Environmental and natural sciences	170,870
Affordability, credentialing, & TCU sustainability	191,050
GED programming	250,000
Workforce development projects	112,307
Other grant funded projects and programs	506,652
	<u>12,519,983</u>

(Net Assets Released from Donor Restrictions Continued)

Restricted-purpose spending-rate distributions and appropriations	
Scholarships	1,557,345
Cultural preservation programs	199,380
TCU support, staff development and other	77,448
Purpose-restricted term-endowment for scholarships	107,770
	<u>1,941,942</u>
	<u>\$ 14,764,408</u>

Note 9 - 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, 2020, 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 \$227,000.

Note 10 - 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 2020, approximately \$3.5 million was distributed to tribal colleges whose presidents also serve as Trustees for the College Fund.

During the year ended June 30, 2020, a member of our Board of Trustees served as an executive and owner of a company from which we purchased approximately \$727,000 of advertising, social media, and consulting services. In addition, during the year ended June 30, 2020, various members of the Board of Trustees made contributions to the College Fund totaling approximately \$194,000.

Note 11 - Contributions by Source

During the year ended June 30, 2020, contributions, excluding contributed public service announcements and special events, were received from the following sources:

Individuals	\$ 22,818,802
Corporations and corporate foundations	4,428,165
Charitable foundations	13,808,714
Tribes	6,000,000
	<u>\$ 47,055,681</u>