



Financial Statements  
June 30, 2021

# American Indian College Fund

(With Comparative Totals for 2020)

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## 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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Denver, Colorado  
October 27, 2021

# American Indian College Fund

## Statement of Financial Position

June 30, 2021

(with comparative totals for 2020)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 2,519,638	\$ 6,074,381
Operating investments	54,263,171	29,145,412
Prepaid expenses and other assets	131,380	132,254
Promises to give, net	6,120,727	6,161,557
Property and equipment, net	1,632,569	1,817,147
Investments held for others	742,545	634,295
<b>Endowment</b>		
Cash and cash equivalents	261,430	178,893
Prepaid expenses and other assets	52,100	-
Promises to give, net	275,000	2,320,000
Investments	77,362,104	61,628,509
Total assets	\$ 143,360,664	\$ 108,092,448
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 1,114,048	\$ 1,023,110
Refundable advance - PPP loan	-	792,500
Investments held for others	742,545	634,295
Total liabilities	1,856,593	2,449,905
<b>Net Assets</b>		
<b>Without donor restrictions</b>		
Undesignated	37,251,205	10,083,026
Board-designated endowment	19,416,365	16,495,865
	56,667,570	26,578,891
<b>With donor restrictions</b>		
Time-restricted	-	448,651
Purpose-restricted	43,148,231	39,544,510
Perpetual in nature	41,688,270	39,070,491
	84,836,501	79,063,652
Total net assets	141,504,071	105,642,543
Total liabilities and net assets	\$ 143,360,664	\$ 108,092,448

See Notes to Financial Statements

American Indian College Fund

Statement of Activities

Year Ended June 30, 2021

(with comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, Support, and Gains				
Contributions	\$37,717,756	\$19,813,325	\$ 57,531,081	\$ 47,055,681
Contributed public service announcements	2,248,092	-	2,248,092	3,478,865
Net investment return	3,672,582	10,596,121	14,268,703	807,032
Government assistance - PPP loan	792,500	-	792,500	-
Other revenue	26,492	70,113	96,605	76,991
Gross special events revenue	55,929	-	55,929	87,397
Less cost of direct benefits to donors	-	-	-	(63,904)
Net special events revenue	55,929	-	55,929	23,493
Net assets released from restrictions	24,706,710	(24,706,710)	-	-
Total revenue, support, and gains	69,220,061	5,772,849	74,992,910	51,442,062
Expenses and Losses				
Program services expense				
Scholarships and grants	26,681,052	-	26,681,052	18,492,015
Public education	3,521,003	-	3,521,003	5,432,696
Total program expenses	30,202,055	-	30,202,055	23,924,711
Supporting services expense				
Administrative	1,541,929	-	1,541,929	1,366,380
Donor development	7,331,795	-	7,331,795	5,969,523
Total supporting services expenses	8,873,724	-	8,873,724	7,335,903
Loss on uncollectable promises to give	55,603	-	55,603	118,848
Total expenses and losses	39,131,382	-	39,131,382	31,379,462
Change in Net Assets	30,088,679	5,772,849	35,861,528	20,062,600
Net Assets, Beginning of Year	26,578,891	79,063,652	105,642,543	85,579,943
Net Assets, End of Year	\$56,667,570	\$84,836,501	\$141,504,071	\$105,642,543

See Notes to Financial Statements

**American Indian College Fund**  
Statement of Functional Expenses  
Year Ended June 30, 2021  
(with comparative totals for 2020)

	2021						2020
	Program Services						
	Scholarships and Grants	Public Education		Total	Administrative	Donor Development	
	\$	-	\$	\$	-	\$	
Scholarships and grants	\$ 22,402,128	-	\$ 22,402,128	\$ -	-	\$ 22,402,128	\$ 15,222,984
Marketing and promotion	572,372	146,793	719,165	-	-	5,680,114	4,514,119
Salaries	2,336,126	596,458	2,932,584	795,277	4,960,949	4,970,481	4,462,453
Payroll taxes and benefits	549,078	140,190	689,268	186,920	292,063	1,168,251	1,044,678
Professional fees	274,689	236,515	511,204	96,587	332,395	940,186	821,849
Information technology	294,127	77,477	371,604	108,484	280,259	760,347	616,638
Bank charges	-	-	-	171,402	-	171,402	126,976
Office expenses	30,901	4,326	35,227	9,516	92,542	137,285	115,153
Staff development	24,079	925	25,004	54,540	3,742	83,286	34,943
Publications, dues, and subscriptions	17,759	24,347	42,106	11,848	27,398	81,352	77,582
Building and equipment maintenance	39,997	9,291	49,288	12,418	19,356	81,062	86,911
Other expenses	5,584	-	5,584	42,335	5,532	53,451	53,842
Insurance	22,099	5,642	27,741	7,523	11,755	47,019	53,415
Travel and meals	12,237	500	12,737	1,942	9,636	24,315	231,221
Board meetings	-	-	-	9,621	-	9,621	74,497
Conferences	1,424	5,310	6,734	-	1,180	7,914	26,365
Cost of direct benefits to donors	-	-	-	-	-	-	63,904
Noncash expenses	-	-	-	-	-	-	-
Donated advertising	-	2,248,092	2,248,092	-	-	2,248,092	3,478,865
Depreciation	98,452	25,137	123,589	33,516	52,368	209,473	218,123
Total expenses by function	26,681,052	3,521,003	30,202,055	1,541,929	7,331,795	39,075,779	31,324,518
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	(63,904)
Total expenses included in the expense section on the statement of activities	\$ 26,681,052	\$ 3,521,003	\$ 30,202,055	\$ 1,541,929	\$ 7,331,795	\$ 39,075,779	\$ 31,260,614

See Notes to Financial Statements

American Indian College Fund  
Statement of Cash Flows  
Year Ended June 30, 2021  
(with comparative totals for 2020)

	2021	2020
Operating Activities		
Change in net assets	\$ 35,861,528	\$ 20,062,600
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	209,473	218,123
Realized and unrealized gain on operating investments	(264,661)	(232,877)
Loss on uncollectable promises to give	55,603	118,848
Contributions restricted to endowment	(2,681,778)	(3,875,654)
Endowment net investment return	(14,103,133)	(81,277)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(51,226)	(8,363)
Promises to give, net	(14,773)	(1,347,598)
Accounts payable and accrued expenses	90,938	172,723
Refundable advance - PPP loan	(792,500)	792,500
Net Cash from Operating Activities	18,309,471	15,819,025
Investing Activities		
Purchases of operating investments	(26,471,098)	(18,910,624)
Proceeds from sales of operating investments	1,618,000	5,314,897
Purchases of property and equipment	(24,895)	(28,576)
Net additions to endowment	(1,712,999)	(1,444,197)
Net Cash used for Investing Activities	(26,590,992)	(15,068,500)
Financing Activities		
Collections of contributions restricted to endowment	4,726,778	3,966,139
Net Cash from Financing Activities	4,726,778	3,966,139
Net Change in Cash and Cash Equivalents	(3,554,743)	4,716,664
Cash and Cash Equivalents, Beginning of Year	6,074,381	1,357,717
Cash and Cash Equivalents, End of Year	\$ 2,519,638	\$ 6,074,381

See Notes to Financial Statements



**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 2021 fiscal year, the College Fund increased our minimum scholarship awards to almost 3,700 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.

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, 2020, from which the summarized information was derived.

### **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, 2021, the allowance was \$84,692.

### **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 3 to 31.5 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, 2021.

### **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 (or certain grantor) 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 in 2020. As of June 30, 2021, we have met the eligibility criteria for loan forgiveness which has been recognized as revenue during the year (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 donor 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, 2021, we received donated television air time and magazine and newspaper print space, with a total estimated value of \$2,248,092 to broadcast and publish our public service announcements. In addition, in response to COVID-19, the College Fund received in-kind personal protection equipment valued at \$997,687. This equipment was distributed to tribal colleges and universities and other Native organizations serving Native communities.

**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 \$7,928,206 during the year ended June 30, 2021.

**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, 2021.

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 2018.

### 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 27, 2021, 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	\$ 2,519,638
Operating investments	46,890,434
Promises to give due in the next year	4,644,923
Endowment spending-rate distributions and appropriations	3,300,000
	<u>\$ 57,354,995</u>

Operating investments include donor restricted funds of \$20,004,646 of which \$12,631,910 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 \$19,416,365 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 International debt 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 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.

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, 2021:

	Total	Fair Value Measurements at Report Date Using			Investments Measured at NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Operating investments</b>					
Cash and money market funds (at cost)	\$ 4,562,609	\$ -	\$ -	\$ -	\$ -
Debt securities					
Domestic corporate bonds	10,501,150	-	10,501,150	-	-
U.S. Government obligations	37,612,317	-	37,612,317	-	-
International debt securities	1,587,095	-	1,587,095	-	-
	<u>\$ 54,263,171</u>	<u>\$ -</u>	<u>\$ 49,700,562</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments held for others</b>					
Cash and money market funds (at cost)	\$ 7,783	\$ -	\$ -	\$ -	\$ -
Domestic equities	1,842	1,842	-	-	-
Mutual funds					
Equities	378,913	378,913	-	-	-
Corporate bonds	206,230	206,230	-	-	-
Investments in funds and partnerships					
Exchange-traded energy master limited partnerships	19,169	19,169	-	-	-
Pooled hedge funds	128,608	-	-	-	128,608
	<u>\$ 742,545</u>	<u>\$ 606,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,608</u>

# American Indian College Fund

Notes to Financial Statements

June 30, 2021

*(Assets measured at fair value continued)*

	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
Endowment investments					
Cash and money market funds (at cost)	\$ 810,879	\$ -	\$ -	\$ -	\$ -
Domestic equities	191,860	191,860	-	-	-
Mutual funds					
Equities	39,477,105	39,477,105	-	-	-
Corporate bonds	21,486,080	21,486,080	-	-	-
Investments in funds and partnerships					
Exchange-traded energy master limited partnerships	1,997,154	1,997,154	-	-	-
Pooled hedge funds	13,399,026	-	-	-	13,399,026
	\$ 77,362,104	\$ 63,152,199	\$ -	\$ -	\$ 13,399,026

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient were as follows at June 30, 2021:

	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled hedge funds	5	\$ 13,527,634	\$ -	Monthly/ 25% Quarterly	30/ 60/ 90 Days

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.



**Note 4 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30, 2021:

Within one year	\$ 4,644,923
In one to five years	1,835,496
	<u>6,480,419</u>
Less allowance for uncollectable promises to give	(84,692)
	<u>\$ 6,395,727</u>

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

Promises to give, net	\$ 6,120,727
Endowment promises to give, net	275,000
	<u>\$ 6,395,727</u>

At June 30, 2021, four donors accounted for approximately 70% 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, 2021:

Land	\$ 100,000
Building and improvements	2,604,839
Furniture and equipment	368,325
	<u>3,073,164</u>
Less accumulated depreciation	(1,440,595)
	<u>\$ 1,632,569</u>

**Note 6 - 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 was uncollateralized and was fully guaranteed by the federal government. We elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. We initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. We have recognized \$792,500 as contribution revenue during the year ended June 30, 2021, when we received notice of forgiveness from SBA for the full amount.

**Note 7 - Endowments**

Our endowment (the Endowment) consists of approximately 140 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, with seven years remaining. 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, 2021, 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, 2021, we had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 19,416,365	\$ -	\$ 19,416,365
Purpose-restricted term-endowment fund	-	970,156	970,156
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	41,688,270	41,688,270
Accumulated investment gains	-	15,875,843	15,875,843
	<u>\$ 19,416,365</u>	<u>\$ 58,534,269</u>	<u>\$ 77,950,634</u>

*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 trailing three-year average fair market value as determined each last day in February or the current fair market value as determined each last day in February, to determine the spending amount for the upcoming year. The spending rate maximum is 4.25 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. It is our intention not to distribute the corpus of an endowment fund, unless specifically agreed upon by the donor. The Board of Trustees expects future donations to the Endowment to be uneven and generally unpredictable over time and therefore the Board may designate unrestricted assets to the Endowment from time to time.

Changes in Endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 16,495,865	\$ 47,631,537	\$ 64,127,402
Net investment return	3,507,012	10,596,121	14,103,133
Contributions	64,000	2,617,778	2,681,778
Appropriation and distribution of endowment earnings pursuant to spending policy:			
Donor-restricted endowment	-	(2,311,167)	(2,311,167)
Board-designated endowment	(650,512)	-	(650,512)
Endowment net assets, end of year	<u>\$ 19,416,365</u>	<u>\$ 58,534,269</u>	<u>\$ 77,950,634</u>

**Note 8 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purpose as of June 30, 2021:

Subject to expenditure for specified purpose	
Scholarships and other student support	\$ 16,226,098
Computer science and capacity building	2,268,988
Cultural preservation programs	1,269,322
High school and first year experience programming	980,915
Early childhood education projects	909,784
Scholarship providers data collaboration project	879,965
Environmental and natural sciences	853,657
Workforce development projects	838,487
Faculty PhD and masters fellowships	625,261
COVID-19 transformative response aid	328,575
Affordability, credentialing, & TCU sustainability	309,053
GED programming	300,000
Other grant funded projects and programs	512,127
	<u>26,302,232</u>
Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for	
Scholarships	12,743,690
Cultural preservation programs	2,246,128
TCU support, staff development, and other	886,025
	<u>15,875,843</u>
Purpose-restricted term-endowment for scholarships	<u>970,156</u>
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation	
Scholarships	33,572,589
Cultural preservation programs	3,020,000
TCU support, staff development, and other	2,488,959
General	2,606,722
	<u>41,688,270</u>
Total endowments	<u>58,534,269</u>
	<u>\$ 84,836,501</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, 2021:

Expiration of time restrictions	\$ 521,249
Satisfaction of purpose restrictions	
Scholarships and other student support	8,198,206
COVID-19 emergency aid	7,360,000
High school and first year experience programming	1,135,885
Cultural preservation programs	926,751
Computer science and capacity building	925,111
TCU infrastructure projects	714,939
Environmental and natural sciences	446,343
Early Childhood Education projects	446,231
Faculty PhD and masters fellowships	413,816
GED programming	300,050
Workforce development projects	296,675
Affordability, credentialing, & TCU sustainability	149,897
Scholarship providers data collaboration project	120,034
Other grant funded projects and programs	440,356
	<u>21,874,294</u>
Restricted-purpose spending-rate distributions and appropriations	
Scholarships	1,905,541
Cultural preservation programs	212,850
TCU support, staff development, and other	84,080
Purpose-restricted term-endowment for scholarships	108,696
	<u>2,311,167</u>
	<u>\$ 24,706,710</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, 2021, 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 \$250,000.

**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 fiscal year ended 2021, approximately \$6 million was distributed to tribal colleges whose presidents also serve as Trustees for the College Fund.

During the year ended June 30, 2021, a member of our Board of Trustees served as an executive and owner of a company from which we purchased approximately \$594,000 of advertising, social media, and consulting services. In addition, during the year ended June 30, 2021, various members of the Board of Trustees made contributions to the College Fund totaling approximately \$1.7 million.

**Note 11 - Contributions by Source**

During the year ended June 30, 2021, contributions, excluding contributed public service announcements and special events, were received from the following sources:

Individuals	\$ 43,282,306
Charitable foundations	8,038,908
Corporations and corporate foundations	6,209,866
	<u>\$ 57,531,081</u>

A single donor contributed approximately 35% of the total contribution revenue during the year ended June 30, 2021.



