Keegan Linscott & Associates, PC
Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

TOHONO O'ODHAM COMMUNITY COLLEGE

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2019)

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Keegan
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Associates, PC

INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Management
Tohono O'odham Community College
Sells, Arizona

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Tohono O'odham Community College (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of cash flows and expenses by function and nature for the years then ended, and the related statement of activities for the year ended June 30, 2020, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tohono O’odham Community College as of June 30, 2020 and 2019, and its cash flows for the years then ended and the changes in its net assets for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, in 2020, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization’s June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2020. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.

Keegan Linscott & Associates, PC

Tucson, Arizona
March 30, 2021

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 3,720,374	$ 1,938,460
Accounts receivable, net	243,407	147,824
Grants receivable	675,856	405,588
Inventory	115,222	105,241
Prepaid expenses	23,516	31,131
Investments	1,524,423	1,788,468
Total current assets	6,302,798	4,416,712
Beneficial interest in funds held by others	374,235	369,508
Capital assets, net	8,530,120	8,060,394
Total assets	$ 15,207,153	$ 12,846,614
Liabilities		
Current liabilities		
Accounts payable	$ 458,932	$ 439,791
Accrued expenses	450,692	349,623
Unearned revenue	1,078,863	116,362
Funds held for American Indian Higher Education	-	6,188
Total current liabilities	1,988,487	911,964
Total liabilities	1,988,487	911,964
Net Assets		
Without donor restrictions	13,085,603	11,788,439
With donor restrictions	133,063	146,211
Total net assets	13,218,666	11,934,650
Total liabilities and net assets	$ 15,207,153	$ 12,846,614

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Summarized Total 2019
Revenues and Other Support				
Tuition and fees	$ 350,837	$ -	$ 350,837	$ 294,570
Legislative appropriation	4,853,376	-	4,853,376	4,853,376
Government grants	6,071,157	-	6,071,157	4,481,964
Gifts	12,290	117,794	130,084	185,542
Bookstore sales	178,250	-	178,250	189,022
Investment income, net	113,661	1,505	115,166	136,547
Miscellaneous income	112,899	-	112,899	57,049
Development revenues	5,554	-	5,554	57,477
Net assets released from restrictions	132,447	(132,447)	-	-
Total revenues and other support	11,830,471	(13,148)	11,817,323	10,255,547
Expenses				
Educational program services				
Instruction	1,415,183	-	1,415,183	1,739,399
Institutional research	6,936	-	6,936	10,109
Student services	1,053,580	-	1,053,580	882,696
Student life	387,350	-	387,350	343,818
Auxiliary enterprises	589,258	-	589,258	669,950
AIHEC Conference expenses	11	-	11	81
Sponsored projects	1,864,234	-	1,864,234	1,645,803
New campus development	119,036	-	119,036	-
Total program services	5,435,588	-	5,435,588	5,291,856
Supporting services				
Academic support	674,166	-	674,166	444,457
Student financial aid	817,423	-	817,423	790,164
Sustainability	146,385	-	146,385	111,232
Cultural	89,600	-	89,600	88,332
Operations & maintenance	1,102,026	-	1,102,026	957,980
Institutional support	2,268,119	-	2,268,119	1,943,070
Total expenses	10,533,307	-	10,533,307	9,627,091
Change in net assets	1,297,164	(13,148)	1,284,016	628,456
Net assets, beginning of year	11,788,439	146,211	11,934,650	11,306,194
Net assets, end of year	$ 13,085,603	$ 133,063	$ 13,218,666	$ 11,934,650

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2020
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	Instruction	Institutional Research	Student Services	Student Life	Auxiliary Enterprises	AIHEC Conference Expenses	Sponsored Projects	New Campus Development	Total Educational Program Services
Salaries and wages	$ 1,036,294	$ 6,391	$ 596,397	$ 262,889	$ 184,118	$ -	$ 960,696	$ -	$ 3,046,785
Payroll taxes	78,077	-	43,205	19,443	12,742	-	78,071	-	231,538
Payroll benefits	123,363	-	126,035	37,281	38,303	-	136,260	-	461,242
Total personnel	1,237,734	6,391	765,637	319,613	235,163	-	1,175,027		3,739,565
Advertisement and promotion	-	-	1,077	1,138	7,655	-	4,253	-	14,123
Auto	13,270	-	4,997	1,814	14,092	-	39,389	-	73,562
Bad debt	20,518	101	15,275	5,616	8,543	-	32,135	1,726	83,914
Communications	-	-	2,567	-	-	-	13	-	2,580
Cost of goods sold	-	-	-	-	100,346	-	-	-	100,346
Dues and memberships	-	-	3,181	-	7,961	-	1,873	-	13,015
Employee training and recruiting	-	-	36,924	-	2,000	-	-	-	38,924
Equipment	-	-	3,617	-	-	-	52,176	-	55,793
Grant expense	-	-	-	-	-	-	80,086	-	80,086
Insurance	-	-	-	-	-	-	-	-	-
Meals and events	-	-	20,738	1,247	36,565	-	4,881	-	63,431
Meeting expense	4,315	-	1,665	335	-	-	9,320	-	15,635
Miscellaneous	-	-	71,041	-	852	-	2,266	-	74,159
Occupancy	-	-	4,677	-	-	-	9,304	-	13,981
Printing and postage	-	-	753	-	-	-	-	-	753
Professional	-	-	3,060	-	28,298	-	64,130	-	95,488
Repair and maintenance	-	-	-	-	-	-	74,445	109,682	184,127
Student benefits	-	-	6,400	30,530	-	-	65,412	-	102,342
Subcontractor	21,590	-	-	-	21,422	-	-	-	43,012
Supplies	23,165	-	36,102	1,896	36,394	10	96,375	-	193,942
Travel	3,899	-	8,351	338	10,263	-	22,627	-	45,478
Tuition and program	-	-	-	-	41,942	-	11,384	-	53,326
Total expenses before depreciation	1,324,491	6,492	986,062	362,527	551,496	10	1,745,096	111,408	5,087,582
Depreciation	90,692	444	67,518	24,823	37,762	1	119,138	7,628	348,006
Total expenses	$ 1,415,183	$ 6,936	$ 1,053,580	$ 387,350	$ 589,258	$ 11	$ 1,864,234	$ 119,036	$ 5,435,588

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2020
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	Academic Support	Student Financial Aid	Sustainability	Cultural	Operations & Maintenance	Institutional Support	Total
Salaries and wages	$ 259,951	$ -	$ 105,403	$ 65,419	$ 377,634	$ 843,468	$ 4,698,660
Payroll taxes	24,540	-	6,941	4,672	26,813	59,065	353,569
Payroll benefits	57,665	-	14,375	11,276	94,634	183,675	822,867
Total personnel	342,156	-	126,719	81,367	499,081	1,086,208	5,875,096
Advertisement and promotion	-	-	-	-	-	7,724	21,847
Auto	998	-	1,814	-	96,983	56,859	230,216
Bad debt	9,774	11,851	2,122	1,299	15,977	32,884	157,821
Communications	-	-	-	-	-	172,007	174,587
Cost of goods sold	9,040	-	-	-	-	-	109,386
Dues and memberships	21,961	-	-	-	-	63,879	98,855
Employee training and recruiting	-	-	-	-	-	399	39,323
Equipment	7,296	-	-	-	-	35,162	98,251
Grant expense	196,542	-	-	-	-	18,852	295,480
Insurance	-	-	-	-	-	78,986	78,986
Meals and events	500	-	-	1,041	-	3,316	68,288
Meeting expense	2,474	-	253	-	-	17,091	35,453
Miscellaneous	4,221	-	-	-	-	138,280	216,660
Occupancy	-	-	-	-	273,560	-	287,541
Printing and postage	-	-	-	151	-	16,471	17,375
Professional	9,120	-	4,000	-	-	119,693	228,301
Repair and maintenance	-	-	-	-	23,017	-	207,144
Student benefits	8,385	-	-	-	21,624	-	132,351
Subcontractor	11,037	-	-	-	98,483	248,783	401,315
Supplies	5,146	731	1,964	-	678	11,543	214,004
Travel	2,312	399	132	-	2,000	12,861	63,182
Tuition and program	-	752,058	-	-	-	1,769	807,153
Total expenses before depreciation	630,962	765,039	137,004	83,858	1,031,403	2,122,767	9,858,615
Depreciation	43,204	52,384	9,381	5,742	70,623	145,352	674,692
Total expenses	$ 674,166	$ 817,423	$ 146,385	$ 89,600	$ 1,102,026	$ 2,268,119	$ 10,533,307

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2019

	Instruction	Institutional Research	Student Services	Student Life	Auxiliary Enterprises	AIHEC Conference Expenses	Sponsored Projects	Total Educational Program Services
Salaries and wages	$ 1,181,833	$ (1,593)	$ 473,196	$ 214,290	$ 196,349	$ -	$ 649,067	$ 2,713,142
Payroll taxes	87,760	367	34,329	15,586	14,047	-	75,239	227,328
Payroll benefits	170,659	-	121,823	11,757	38,786	-	99,350	442,375
Total personnel	1,440,252	(1,226)	629,348	241,633	249,182	-	823,656	3,382,845
Advertisement and promotion	-	-	902	-	5,641	-	3,680	10,223
Auto	81,095	-	7,480	1,808	17,341	-	54,845	162,569
Bad debt	21,568	125	10,945	4,263	8,307	1	20,408	65,617
Communications	-	-	4,447	-	-	-	937	5,384
Cost of goods sold	-	-	-	-	144,243	-	-	144,243
Dues and memberships	-	-	-	-	6,167	-	2,950	9,117
Employee training and recruiting	-	-	23,441	-	5,017	-	6,542	35,000
Equipment	1,725	-	25,390	-	-	-	103,628	130,743
Grant expense	-	4,427	-	-	-	-	49,131	53,558
Insurance	-	-	-	-	-	-	5,186	5,186
Meals and events	-	-	23,217	618	44,039	74	4,251	72,199
Meeting expense	7,108	-	1,921	277	-	-	19,198	28,504
Miscellaneous	-	-	-	-	2,833	-	10,393	13,226
Occupancy	-	-	3,887	-	-	-	38,835	42,722
Printing and postage	1,487	339	1,651	-	-	-	1,470	4,947
Professional	1,100	-	500	-	23,808	-	93,716	119,124
Repair and maintenance	-	-	-	-	-	-	(15,165)	(15,165)
Student benefits	-	-	9,975	60,605	-	-	104,558	175,138
Subcontractor	17,256	-	-	3,649	12,556	-	95,596	129,057
Supplies	22,822	-	37,121	1,651	34,104	-	45,496	141,194
Travel	7,091	5,651	31,664	2,009	14,881	-	37,767	99,063
Tuition and program	1,411	-	1,545	327	49,263	-	9,585	62,131
Total expenses before depreciation	1,602,915	9,316	813,434	316,840	617,382	75	1,516,663	4,876,625
Depreciation	136,484	793	69,262	26,978	52,568	6	129,140	415,231
Total expenses	$ 1,739,399	$ 10,109	$ 882,696	$ 343,818	$ 669,950	$ 81	$ 1,645,803	$ 5,291,856

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2019
Page 2 of 2

	Academic Support	Student Financial Aid	Sustainability	Cultural	Operations & Maintenance	Institutional Support	Total
Salaries and wages	$ 249,851	$ -	$ 75,571	$ 64,878	$ 308,698	$ 789,083	$ 4,201,223
Payroll taxes	20,118	-	5,322	4,842	24,968	58,817	341,395
Payroll benefits	67,848	-	5,330	4,521	94,584	173,703	788,361
Total personnel	337,817	-	86,223	74,241	428,250	1,021,603	5,330,979
Advertisement and promotion	1,723	-	-	-	-	3,776	15,722
Auto	223	-	1,976	1,904	116,734	41,063	324,469
Bad debt	5,511	9,798	1,379	1,095	11,879	24,093	119,372
Communications	-	-	-	-	-	116,463	121,847
Cost of goods sold	-	-	-	-	-	-	144,243
Dues and memberships	13,492	-	-	-	-	57,108	79,717
Employee training and recruiting	-	-	-	-	-	399	35,399
Equipment	68	-	57	-	-	26,536	157,404
Grant expense	-	-	-	-	-	-	53,558
Insurance	-	-	-	-	-	82,646	87,832
Meals and events	-	-	-	3,704	-	5,427	81,330
Meeting expense	1,664	519	745	-	-	26,417	57,849
Miscellaneous	2,156	-	-	-	-	24,499	39,881
Occupancy	-	-	-	-	215,807	-	258,529
Printing and postage	-	-	-	-	-	11,561	16,508
Professional	12,320	-	5,000	-	-	155,121	291,565
Repair and maintenance	-	-	718	-	18,676	41	4,270
Student benefits	9,782	-	-	-	21,547	255	206,722
Subcontractor	9,633	-	508	-	68,618	163,778	371,594
Supplies	6,463	2,282	2,123	457	627	6,532	159,678
Travel	8,425	879	3,425	-	276	11,007	123,075
Tuition and program	305	714,685	350	-	397	12,280	790,148
Total expenses before depreciation	409,582	728,163	102,504	81,401	882,811	1,790,605	8,871,691
Depreciation	34,875	62,001	8,728	6,931	75,169	152,465	755,400
Total expenses	$ 444,457	$ 790,164	$ 111,232	$ 88,332	$ 957,980	$ 1,943,070	$ 9,627,091

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ 1,284,016	$ 628,456
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Provision for bad debt	(115,587)	116,979
Write-off of allowance for doubtful accounts	273,408	2,394
Depreciation	674,692	755,399
Net realized and unrealized gain on investments	(35,800)	(65,826)
Net realized and unrealized gain on beneficial interest in funds held by others	(1,831)	(1,673)
Changes in operating assets and liabilities		
Accounts receivable	(253,404)	(211,632)
Grants receivable	(270,268)	104,650
Inventory	(9,981)	(11,414)
Prepaid expenses	7,615	(9,142)
Accounts payable	19,141	(53,337)
Accrued expenses	101,069	3,050
Unearned revenue	962,501	(71,679)
Funds held for American Indian Higher Education	(6,188)	-
Net cash provided by operating activities	2,629,383	1,186,225
Cash Flows from Investing Activities		
Purchases of capital assets	(1,144,418)	(480,308)
Proceeds from sale of investments	388,193	8,451
Purchases of investments	(88,348)	(55,850)
Contributions and reinvestments in beneficial interest in funds held by others	(2,896)	(4,984)
Net cash used in investing activities	(847,469)	(532,691)
Net change in cash and cash equivalents	1,781,914	653,534
Cash and cash equivalents, beginning of year	1,938,460	1,284,926
Cash and cash equivalents, end of year	$ 3,720,374	$ 1,938,460

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

Tohono O'odham Community College ("TOCC") is a nonprofit organization chartered by Tohono O'odham Nation (the "Nation") as a separate legal entity in 1998. TOCC's mission is to enhance the unique Tohono O'odham Himdag by strengthening individuals, families and communities through holistic, quality, higher education services. These services include research opportunities and programs that address academic, life and development skills. TOCC's main sources of revenue are the Nation's appropriations, government grants and tuition.

Tohono O'odham Community College Development, LLC ("Development") a single member limited liability company, was formed by TOCC during 2012, to provide construction services and the operation of apprenticeship programs. As a limited liability company, the member's liability is limited. TOCC is the sole member of Development.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TOCC and Development (collectively the "Organization") and are not intended to present the financial position and activity of the Nation in it's entirety. All material inter-company balances and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("U.S. GAAP") that the Organization follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to U.S. GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the provisions of ASC 958, *Not-for-Profit Entities*. Under this authoritative guidance, the Organization is required to provide consolidated financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- **Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. All contributions are considered to be available for use without restriction unless specifically restricted by the donor.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

- **With Donor Restrictions** – Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire through the passage of time. Net assets with donor restrictions also includes net assets that are subject to donor-imposed stipulations such that assets must be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the investment return of these assets on continuing operations which may be subject to certain restrictions.

Expenses are generally reported as decreases in net assets without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. When a restriction expires, 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as increases in net assets without donor restrictions.

Endowment Funds

The Organization's endowments were established to support, further and enhance the mission of the Organization. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as assets that have been designated by the Board of Trustees. These endowments consist of one fund held and managed at the Community Foundation of Southern Arizona ("CFSA") and are comprised of agency advised funds. Agency advised funds represent assets transferred by the Organization to CFSA to establish an endowment for the benefit of the Organization (i.e., the Organization has specified themselves as the beneficiary). The Organization received grants from the U.S. Department of the Interior to establish the endowment fund. Under the terms of the grants, the Organization was required to deposit the federal grant funds and a match totaling 50% of the grant from any private or tribal source. If the Organization withdraws the corpus of the fund, the amount contributed by the Federal government must be returned to the Department of the Interior. The Organization has not made any withdrawals from the fund since its inception. The earnings are restricted for operating purposes.

The Organization has interpreted the "Management of Charitable Funds Act" (Arizona's version of the Uniform Prudent Management of Institutional Funds Act or UPMIFA), which underlies the Organization's net asset classification of donor-restricted endowment funds, as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) if applicable, accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the law, at which time those amounts will be reported as net assets without donor restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Endowment Funds (continued)

Accordingly, the Organization considers the following factors 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.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that assume a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The primary purpose of the Organization is to maximize growth and earnings by the prudent investment of these funds.

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless precluded by donor intent or relevant laws and regulations. The Organization did not spend from underwater endowment funds during the year.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or current law requires the Organization to retain for a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2020 and 2019.

Revenue Recognition

Government Grants

The Organization accounts for its government grants by first determining whether the transaction is an exchange transaction or a contribution. If the transaction is one in which each party to the transaction directly receives commensurate value, then the transaction is considered an exchange transaction and the Organization recognizes revenue in accordance with ASC 605. Government grants from exchange transactions are recognized as revenues are earned. If the transaction is considered a contribution, then the Organization recognizes revenue in accordance with ASC 958-605.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Exchange Transactions

Government Grants

For government grants that are considered exchange transactions, revenue is recognized under cost reimbursement contracts when costs are incurred in accordance with applicable grant agreements. Amounts received under unit-rate contracts and client fees are recognized when services are provided. A receivable is recorded to the extent contract revenue earned exceeds payment received. Unearned revenue is recorded to the extent payment received exceeds contract revenue.

Tuition and Fees

The Organization's tuition and fees are paid by students and/or agencies on their behalf. Earned revenues are recognized when drop deadlines have passed and the student and/or agency is held financially responsible. A receivable is recorded to the extent earned revenues exceeds payment received; conversely, deferred revenue is recorded when cash received exceeds earned revenues.

Contributions and Gifts

Contributions are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

- **Conditional** – Includes all contributions with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.

- **Unconditional** – Includes all contributions that do not contain a barrier to use and therefore are recorded as revenue once cash or a pledge is received. Donor imposed restrictions for time and/or purpose are not considered a significant barrier and thus these contributions are recorded as unconditional.

Contribution revenue is recorded when the unconditional promise to give is received. Under this method, the recognition of support for financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions is recognized once the relevant barriers of each contribution are met. If the funds are received from the donor before the relevant barriers are met, deferred revenue is recorded on the consolidated statement of financial position for the amount of funds provided by the donor. Consequently, government funded grants which are considered contributions are recognized when the related barriers to provide services are delivered and/or expenditures are incurred.

Donated Goods, Capital Assets and Services

Contributions of donated non-cash assets including goods and capital assets are recorded at their fair values on the date the asset is donated. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire capital assets are reported as restricted support. Absent explicit donor stipulations, contributions of long-lived assets or cash or other assets to be used to acquire or construct long-lived assets are reported as net assets without donor restrictions when placed in service.

Donated services are recognized as contributions at fair value when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For financial statement reporting purposes, the Organization considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates their fair values. The Organization places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit (see Note 13). The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash balances. All such accounts are monitored by management to mitigate risk.

Accounts and Grants Receivable

The Organization grants unsecured credit to its customers, the U.S. government and state agencies without interest. Accounts and grants receivable are stated at the amount that the Organization expects to collect from various governmental entities, students, and other funding sources on outstanding balances, net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects management's best estimate of the amounts that will not be collected and is based on management's assessment of the collectability of specific accounts and the aging of the receivable. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Recoveries of receivables previously written off are recorded when received. For accounts receivable as of June 30, 2020 and 2019, management estimated an allowance for uncollectible accounts of $86,221 and $201,808, respectively. For grants receivable, management considers the balance fully collectible as of June 30, 2020 and 2019.

Inventory

Inventory consists of textbooks and school supplies and is recorded at the lower of cost (first-in, first-out method) or net realizable value.

Investments

Debt and Equity Securities - Investments are accounted for in accordance with ASC 958-320, *Investments - Debt and Equity Securities*. Investments in debt and equity securities are valued at their fair values in the accompanying consolidated statements of financial position. Investment income, gains and losses are reported net of related investment fees in the consolidated statement of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Donated investments are recorded at fair value.

The Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, management evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the intent and ability to hold the investment. The Organization also

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Investments (continued)
considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. Through June 30, 2020, the Organization has not experienced other-than-temporary impairment losses on its investments.

Beneficial Interest in Funds Held by Others
In accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, the Organization measures the fair value of agency advised funds held at the CFSA using the fair value of the underlying assets. Annual distributions from the funds are reported as investment income. Investment income, gains and losses are reported in the accompanying consolidated statements of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized.

CFSA on behalf of the Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the accompanying consolidated financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, the Organization evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and its intent and ability to hold the investment. The Organization also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-then-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

Capital Assets
Capital assets are stated at cost if purchased, or fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Asset	Useful Life
Buildings and improvements	5 – 25 years
Land improvements	5 – 15 years
Leasehold improvements	5 – 6 years*
Office equipment	3 – 5 years
Furniture and fixtures	7 years
Machinery and equipment	3 – 7 years
Vehicles	5 years
Library books	10 years

*Leasehold improvements are amortized over the lesser of their useful lives or term of the corresponding lease.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Capital Assets (continued)
The Organization capitalizes all expenditures for capital assets, including repairs or betterments that materially prolong the useful lives of assets, in excess of $5,000 with a useful life greater than one year. Repairs and maintenance for normal upkeep are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is recognized.

In accordance with ASC 360-10, *Property, Plant and Equipment*, the Organization periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2020, the Organization had not experienced impairment losses on its long-lived assets.

Advertising
Advertising costs are expensed as incurred. For the years ended June 30, 2020 and 2019, advertising expense was $21,847 and $15,722, respectively.

Functional Allocation of Expenses
The cost of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statement of activities. Expenses that can be identified with a specific program are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated to each function pro rata on the basis of total direct expenses.

Tax Exempt Status
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Arizona income tax laws, and is classified as other than a private foundation under IRC Section 509(a)(2). Accordingly, no provision is made in the accompanying consolidated financial statements for federal and state income taxes. Income from certain activities not directly related to the Organization's tax-exempt purpose, however, may be subject to taxation as unrelated business income. Management is not aware of any matters which would cause the Organization to lose its tax-exempt status.

Management has considered its tax positions and believes that all positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

The Organization recognizes interest and penalties related to unrecognized tax benefits in miscellaneous expenses in the accompanying consolidated financial statements. During the years ended June 30, 2020 and 2019, the Organization did not recognize any interest and penalties.

Estimates
The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Prior Year Information

The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year presentation, with no effect on net assets.

3. Recent Accounting Pronouncements

Adopted as of June 30, 2020

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. The ASU clarifies and improves current guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018, and interim periods with fiscal years beginning after December 15, 2019. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted.

The Organization adopted ASU 2018-08 during fiscal year 2020 on a modified prospective basis. The adoption of this ASU primarily affected the Organization's disclosure of revenue recognition policies and related activity. The adoption of this ASU did not have a material effect on the Organization's consolidated financial statements for the year ended June 30, 2020.

Not Yet Required to be Adopted as of June 30, 2020

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance, and creates Topic 606 *Revenue from Contracts with Customers*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the full retrospective or retrospective with cumulative effect transition method. Subsequent amendments have been issued for technical corrections (ASU No. 2016-20); narrow scope improvements and practical expedients (ASU No. 2016-12); identifying performance obligations and licensing arrangements (ASU No. 2016-10); gross versus net revenue reporting (ASU No. 2016-08); and effective dates for certain entities (ASU No. 2020-05). ASU No. 2014-09 (and subsequent amendments) is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted with certain restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Not Yet Required to Be Adopted as of June 30, 2020 (continued)

The Organization expects to adopt ASU 2014-09 during fiscal year 2021 utilizing the modified retrospective method. As part of the adoption of the ASU, the Organization plans to elect the following transition practical expedients: ((i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; (ii) to apply the standard only to contracts that are not completed at the initial date of application; (iii) to apply the new revenue standard to a portfolio of contracts (or performance obligations) with similar characteristics if it is reasonably expected that the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within that portfolio; and (iv) to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less. The application of this ASU is not expected to have a material impact on the consolidated financial statements and will primarily affect the Organization's disclosure of policies and related activity for certain government grants.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required (see ASU No. 2018-11 below for optional transition method) for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. This ASU is intended to reduce costs and ease implementation of the leases standard for financial statement preparers. ASU 2018-11 provides a new transition method and a practical expedient for separating components of a contract. The amendments ASU 2018-11 provide entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Consequently, an entity's reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard will continue to be in accordance with current U.S. GAAP in Topic 840, *Leases*. The amendments in ASU 2018-11 also provide lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue guidance (Topic 606). The effective date and transition requirements for the amendments in this update related to separating components of a contract are the same as the effective date and transition requirements in ASU 2016-02 (i.e., fiscal years beginning after December 15, 2021). All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this ASU must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected. The Organization is currently evaluating the effect these standards will have on the consolidated financial statements and disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Not Yet Required to Be Adopted as of June 30, 2020 (continued)

financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Organization does not intend to early adopt. The Organization is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and disclosures.

In August 2018, the FASB has issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU applies the provisions of recently released Chapter 8, *"Notes to Financial Statements,"* of the FASB's *Conceptual Framework for Financial Reporting*, resulting in the removal, modification and addition of certain disclosure requirements. The ASU also clarifies that materiality is an appropriate consideration of entities and their auditors when evaluating disclosure requirements. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the effect that the standard will have on the consolidated financial statements and disclosures.

In September 2020, the FASB issued ASU No. 2020-07*, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; materials and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose: 1) contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets; and 2) for each category of contributed nonfinancial assets recognized: i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used; ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and v) the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the effect that the standard will have on the consolidated financial statements and disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Liquidity and Availability of Resources

The following table shows a determination of the Organization's financial assets that are available to meet cash needs for general expenditures within one year as of June 30:

	2020	2019
Cash and cash equivalents	$ 3,720,374	$ 1,938,460
Accounts receivable, net	243,407	147,824
Grants receivable	675,856	405,588
Investments	1,524,423	1,788,468
Beneficial interest in funds held by others	374,235	369,508
Total financial assets	6,538,295	4,649,848
Less amounts unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions		
Endowment funds	98,216	98,216
Other donor restrictions	34,847	47,995
Board designations		
Building reserve	18,011	18,011
Operating reserve	1,800,000	1,800,000
Quasi-endowment	254,851	251,629
Financial assets available to meet cash needs for general expenditures within one year	$ 4,332,370	$ 2,433,997

The Organization is substantially supported by current year government grants and contracts and gifts, which are somewhat predictable. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's board of trustees has also established board designated building and operating reserves that are intended to provide an internal source of funds for building needs and unexpected operating needs. As of June 30, 2020 and 2019, the board designated building reserve had a balance of $18,011 and the board designated operating reserve had a balance of $1,800,000.

The Organization's board of trustees has also established a board designated quasi-endowment that is first intended to satisfy the matching requirements on its donor restricted endowment funds and secondly to provide an internal source of funds for unexpected operating needs. As of June 30, 2020 and 2019, the board designated quasi-endowment had a balance of $254,851 and $251,629, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Investments

Investments are stated at fair value and consist of the following as of June 30:

	2020	2019
Mutual Funds	$ 1,524,423	$ 1,788,468
Total Investments	$ 1,524,423	$ 1,788,468

Investment income (loss), net related to the Organization's investments consists of the following for the years ended June 30:

	2020	2019
Interest and dividend income	$ 82,717	$ 74,461
Realized and unrealized gain (loss) on investments, net	35,800	65,826
Investment fees	(8,078)	(8,451)
Total investment income, net	$ 110,439	$ 131,836

6. Fair Value Measurements

The Organization utilizes the fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization's financial assets are generally classified within Level 1 of the fair value hierarchy because they are valued using readily determinable fair values. The types of instruments valued based on readily determinable fair values in active markets include the Organization's mutual funds. Such instruments are classified within Level 1 of the fair value hierarchy.

The restricted investments held at the CFSA are categorized as Level 3 due to the lack of a market in which the Organization's units of participation in CFSA's pooled income trust (i.e., the beneficial interest) could be bought or sold. The Organization measures the fair value of its beneficial interest by taking its proportionate share of the fair value of the underlying assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Measurements (continued)

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2020:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Intermediate Core Bond	$ 19,839	$ 19,839	$ -	$ -
Large Blend	177,973	177,973	-	-
Short Term Bond	386,775	386,775	-	-
High Yield Bond	88,262	88,262	-	-
Emerging Markets Bond	90,984	90,984	-	-
Intermediate Core-Plus Bond	760,590	760,590	-	-
	1,524,423	1,524,423	-	-
Beneficial interest in funds held by others	374,235	-	-	374,235
Total	$ 1,898,658	$ 1,524,423	$ -	$ 374,235

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2019:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Intermediate Core Bond	$ 361,390	$ 361,390	$ -	$ -
Large Blend	180,518	180,518	-	-
Short Term Bond	354,068	354,068	-	-
High Yield Bond	92,111	92,111	-	-
Emerging Markets Bond	89,675	89,675	-	-
Intermediate Core-Plus Bond	710,706	710,706	-	-
	1,788,468	1,788,468	-	-
Beneficial interest in funds held by others	369,508	-	-	369,508
Total	$ 2,157,976	$ 1,788,468	$ -	$ 369,508

The following table presents a reconciliation of the Level 3 beneficial interest in assets held by others measured at fair value for the years ended June 30:

	2020	2019
Fair value as of July 1	$ 369,508	$ 362,851
Contributions	-	1,946
Investment gain included in change in net assets	9,362	9,229
Fees	(4,635)	(4,518)
Fair value as of June 30	$ 374,235	$ 369,508

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Capital Assets, Net

Capital assets, net consist of the following as of June 30:

	2020	2019
Buildings and improvements	$ 7,169,955	$ 7,018,078
Land improvements	4,835,735	4,771,439
Leasehold improvements	89,937	68,217
Office equipment	1,131,542	1,123,408
Furniture and fixtures	807,985	807,985
Machinery and equipment	117,522	117,522
Vehicles	205,136	205,136
Library books	149,227	149,227
Construction in progress	1,246,804	348,413
	15,753,843	14,609,425
Less accumulated depreciation	(7,223,723)	(6,549,031)
Property and equipment, net	$ 8,530,120	$ 8,060,394

8. Net Assets with Donor Restriction

Net assets with donor restrictions were restricted for the following purposes as of June 30:

	2020	2019
Subject to expenditure for specified purpose:		
Scholarships	$ 12,954	$ 27,707
Capital campaign	725	625
	13,679	28,332
Subject to the Organization's spending policy and appropriation:		
Original donor-restricted endowment gift amounts required to be maintained by donor		
U. S. Department of the Interior	98,216	98,216
Accumulated investment earnings, which, once appropriated, are expendable to support operations	21,168	19,663
Total	$ 133,063	$ 146,211

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Endowment

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	$ 251,629	$ 117,879	$ 369,508
Investment return			
Investment income	1,974	922	2,896
Net appreciation	1,248	583	1,831
Total investment return	3,222	1,505	4,727
Endowment net assets, June 30, 2020	$ 254,851	$ 119,384	$ 374,235

Changes in endowment net assets for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	$ 246,476	$ 116,375	$ 362,851
Investment return			
Investment income	2,068	970	3,038
Net appreciation	1,139	534	1,673
Total investment return	3,207	1,504	4,711
Contributions	1,946	-	1,946
Endowment net assets, June 30, 2019	$ 251,629	$ 117,879	$ 369,508

10. Pension Plan

TOCC participates in the Nation's retirement plan covering all employees. Participants are eligible to make voluntary contributions as of the first of the month following employment are eligible for employer contributions after completing six months of service. Participants can elect to make limited salary deferral contributions and the Organization has the option to make additional discretionary matching contributions to the plan. In addition, the Plan provides for employer basic contributions to be made on behalf of all eligible participants regardless of whether the participant makes voluntary contributions to the Plan. TOCC currently contributes 5% of employees' gross annual pay into the plan. The Organization's contributions under the plan were $237,696 and $215,732 in 2020 and 2019, respectively.

11. Related Party Transactions

The Legislative Council of the Nation has passed a series of resolutions appropriating certain funds to subsidize TOCC's operations through June 2022. The Organization received $4,853,376 in appropriations in 2020 and 2019, respectively. Future support under the board resolution for appropriations calls for yearly contributions of $4,853,376.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Related Party Transactions (continued)

The Organization incurred and paid costs with related parties as follows:

	2020	2019
Employee related costs with the Nation of which $61,182 and $66,405 is included in accounts payable at June 30, 2020 and 2019	$ 647,871	$ 720,812
Tohono O'odham Utility Authority (TOAU) of which $15,293 and $14,685 is included in accounts payable at June 30, 2020 and 2019	262,317	290,203
Sewer costs with Tohono O'odham Solid Waste Management of which $433 and $3,307 is included in accounts payable at June 30, 2020 and 2019	2,013	2,874
	$ 912,201	$ 1,013,889

12. Commitments and Contingencies

Operating Leases

The Organization leases building facilities under an operating lease agreement with Indian Oasis-Baboquivari Unified School District. The lease agreement calls for monthly payments of $3,500 paid quarterly through September 2020. The agreement will automatically extend for additional five-year terms unless the Organization gives written notice of termination.

The Organization entered into a 25-year land lease in June 2007 with Pisinemo District of the Nation on which permanent and satellite campus facilities will be built. The lease requires the Organization to pay impact fees of $9,923 per year through 2020. Subsequent fees will be negotiated as prescribed, not to exceed an annual increase of 5%.

The Organization entered into a second 25-year land lease in 2008 with Schuk Toak District for TOCC's main campus. The lease agreement requires the Organization to pay impact fees of $13,320 per year through 2020. Subsequent fees will be negotiated as prescribed, not to exceed an annual increase of 5%.

The Organization entered into a 5-year sublease in May 2018 with the Economic Develop Authority for TOCC's culinary school. The lease agreement requires the Organization to pay monthly lease payments ranging from approximately $1,200 to $1,800 through 2023.

The Organization entered into a 3-year lease in July 2019 with NAC for TOCC's Phoenix school. The lease agreement requires the Organization to pay monthly lease payments $4,113 through 2022.

Total rent expense paid under these lease agreements was $122,145 and $79,863 for 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitments and Contingencies (continued)

Operating Leases (continued)

The following is a summary of future minimum lease payments under non-cancelable operating leases as of June 30, 2020:

Fiscal Year Ending	Amount
2021	$ 135,991
2022	135,991
2023	108,892
2024	66,311
2025	66,311

Construction Services Agreement (ESB Design & Build)

The Organization entered into an agreement with a design and build contractor for the construction of a building. The total contract price for the construction services is $1,826,938 and is subject to additions and deductions as defined by the agreement. Through June 30, 2020, related contractor fees incurred totaled $639,618 and are included in construction in progress within capital assets in the accompanying consolidated statements of financial position.

Contingencies

The Organization participates in a number of federal and state grant programs that are subject to compliance audits. Assessments from such audits, if any, are recorded when the amounts of such assessments are reasonably determinable. A significant reduction in the level of support from these programs could have a material effect on the programs and activities of the Organization. Certain governmental contracts are also subject to termination for convenience clauses. The Organization has received no such termination or audit assessment notices.

13. Concentrations of Credit Risk

Legislative Appropriations and Government Grants

For the years ended June 30, 2020 and 2019, legislative appropriations from the Nation accounted for 41% and 47%, respectively, of the Organization's total revenue and support. In addition, a significant portion of the Organization's total revenue and support is derived from U.S. government and state grants.

The Organization also derives a significant amount of its revenues and support from government grants for various programs. At times, grants for particular programs may constitute a concentration as defined by the accounting standards. As of June 30, 2020 and 2019, government grant receivables comprised 74% and 73% of total receivables, respectively. For the years ended June 30, 2020 and 2019, government grants and contracts revenue accounted for approximately 51% and 44%, of total revenue and support.

Cash Deposits at Banks

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the FDIC up to $250,000. As of June 30, 2020 and 2019, the Organization had $3,731,559 and $1,518,211 in excess of FDIC insured limits, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Concentrations of Credit Risk (continued)

Investments

Investments held by other institutions are insured up to $500,000, including up to $250,000 for cash balances per institution, by the Securities Investor Protection Corporation ("SIPC"). As of June 30, 2020 and 2019, the Organization had $1,024,423 and $1,288,468, respectively, in excess of SIPC insured limits.

14. ***Subsequent Events***

The Organization evaluated subsequent events through March 30, 2021, which represents the date the consolidated financial statements were available to be issued and, with the exception of the matters discussed below, concluded that no additional disclosures are required.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Institute operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Institute. Given the majority of the Institute's funding is derived from multi-year federal awards, current adverse conditions may negatively impact the Institute over multiple fiscal periods.

Keegan Linscott & Associates, PC
Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

TOHONO O'ODHAM COMMUNITY COLLEGE

SINGLE AUDIT REPORTS AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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Keegan
Linscott &
Associates, PC

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management
Tohono O'odham Community College
Sells, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the consolidated financial statements of Tohono O'odham Community College (the "Organization"), which comprise the consolidated the statement of financial position as of June 30, 2020, and the related consolidated statements of activities, expenses by function and nature, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keegan Linscott & Associates, PC

Tucson, Arizona
March 30, 2021

Keegan
Linscott &
Associates, PC

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management
Tohono O'odham Community College
Sells, Arizona

Report on Compliance for Each Major Federal Program
We have audited Tohono O'odham Community College's (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S., *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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Report on Internal Control Over Compliance
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the consolidated financial statements of the Organization as of and for the year ended June 30, 2020, and have issued our report thereon dated March 30, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Keegan Linscott & Associates, PC

Tucson, Arizona
March 30, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP............Unmodified

Internal control over financial reporting:

Material weakness(es) identified?............No

Significant deficiency(ies) identified?............None Reported

Noncompliance material to consolidated financial statements noted?............No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?............No

Significant deficiency(ies) identified?............None Reported

Type of auditor's report issued on compliance for major federal programs.............Unmodified

Any audit findings disclosed, which are required to be reported in accordance with section 2 CFR 200.516(a)?............No

Identification of major programs:

CFDA Number(s)		Name of Federal Program or Cluster
10.222		Tribal Colleges Endowment Program
84.031		Higher Education Institutional Aid

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?............Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the consolidated financial statements for which *Government Auditing Standards* requires reporting.

No matters were reported.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

This section identifies audit findings required to be reported by the 2 CFR 200.516(a), including significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, and material abuse.

No matters were reported.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Community Facilities Loans and Grants - Cluster:			
U.S. Department Of Agriculture Programs			
Community Facilities Loans and Grants	10.766		$ 131,835
Total for Program			131,835
Total U.S. Department of Agriculture Programs			$ 131,835
Total Community Facilities Loans and Grants - Cluster			$ 131,835
Student Financial Assistance - Cluster:			
U.S. Department of Education Programs			
Federal Pell Grant Program	84.063		633,044
Total for Program			633,044
Total U.S. Department of Education Programs			$ 633,044
Total Student Financial Assistance - Cluster			$ 633,044
Other Programs:			
U.S. Department Of Agriculture Programs			
Tribal Colleges Education Equity Grants	10.221		$ 106,061
Total for Program			106,061
Tribal Colleges Endowment Program	10.222	*	224,406
Total for Program			224,406
1994 Institutions Research Program	10.227		6,391
Total for Program			6,391
Cooperative Extension Service	10.500		143,617
Total for Program			143,617
Total U.S. Department of Agriculture Programs			$ 480,475
U.S. Department of Interior Programs			
Indian Self-Determination Contract Support	15.024		$ 1,892
Total for Program			1,892
Indian Adult Education	15.026		146,304
Total for Program			146,304
Assistance to Tribally Controlled Community Colleges and Universities	15.027		1,681,352
Total for Program			1,681,352
Tribally Controlled Community College Endowments	15.028		98,216
Total for Program			98,216
Total U.S. Department of Interior Programs			$ 1,927,764
National Science Foundation Programs			
Social, Behavioral and Economic Sciences	47.075		$ 107,531
			107,531

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number		Pass-Through Entity Identifying Number	Total Federal Expenditures
Education and Human Resources	47.076			451,369
Total for Program				451,369
Total National Science Foundation Programs				$ 558,900
U.S. Department of Education Programs				
Higher Education Institutional Aid	84.031T	*		$ 613,238
Higher Education Institutional Aid	84.031D	*		734,873
Total for Program				1,348,111
COVID -19 - Education Stabilization Fund	84.425E			166,637
COVID -19 - Education Stabilization Fund	84.425K			17,528
				184,165
Total U.S. Department of Education Programs				$ 1,532,276
U.S. Department of Health and Human Services Programs				
Native American Programs	93.612			$ 189,342
Total for Program				189,342
Passed through the University of Arizona				
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		Unknown	580
Total for Program				580
Demonstration Projects for Indian Health	93.933			(14,987)
Total for Program				(14,987)
Total U.S. Department of Health and Human Services Programs				$ 174,935
Total Expenditures of Federal Awards				**$ 5,439,229**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Endowment

The Organization has $98,216 of restricted endowment moneys as of June 30, 2020. 2 CFR Part 200.502(e) states the cumulative balance of Federal awards for endowment funds that are federally restricted are considered Federal awards expended in each audit period in which the funds are still restricted. Given this, $98,216 is considered expended and is shown on the schedule of expenditures of federal awards under CFDA 15.028 Tribally Controlled Community College Endowments.

4. Indirect Cost Rate

The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.