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, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2020)

TABLE OF CONTENTS

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, 2021 and 2020, 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, 2021, 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 audits. 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, 2021 and 2020, and its cash flows for the years then ended and the changes in its net assets for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Restatement of Prior Year Information

As discussed in Note 3 to the consolidated financial statements, the June 30, 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Adoption of a Recent Accounting Pronouncement

As discussed in Note 4 to the consolidated financial statements, in 2021, the Organization adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended and ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.* Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 30, 2021. 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 consolidated 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 February 10, 2022, 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 solely 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
February 10, 2022

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 12,202,624	$ 3,720,374
Accounts receivable, net	267,955	243,407
Unbilled grants receivable	3,391,692	675,856
Contributions receivable	300,000	600,000
Inventory	273,991	115,222
Prepaid expenses	4,584	23,516
Investments	1,631,690	1,524,423
Total current assets	18,072,536	6,902,798
Beneficial interest in funds held by others	445,771	374,235
Capital assets, net	10,579,500	8,530,120
Total assets	$ 29,097,807	$ 15,807,153
Liabilities		
Current liabilities		
Accounts payable	$ 988,965	$ 458,932
Accrued expenses	580,058	450,692
Unearned revenue	10,768,426	792,538
Total current liabilities	12,337,449	1,702,162
Total liabilities	12,337,449	1,702,162
Net Assets		
Without donor restrictions	15,964,945	13,085,603
With donor restrictions	795,413	1,019,388
Total net assets	16,760,358	14,104,991
Total liabilities and net assets	$ 29,097,807	$ 15,807,153

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Summarized Total 2020
Revenues and Other Support				
Tuition and fees	$ 881,048	$ -	$ 881,048	$ 983,881
Legislative appropriation	4,853,376	-	4,853,376	4,853,376
Government grants	9,514,089	157,394	9,671,483	6,331,548
Gifts	20,705	-	20,705	12,390
Bookstore sales	96,495	-	96,495	178,250
Investment income, net	144,303	21,353	165,656	115,166
Miscellaneous income	6,540	-	6,540	112,899
Development revenues	78,861	-	78,861	5,554
Net assets released from restrictions	402,722	(402,722)	-	-
Total revenues and other support	15,998,139	(223,975)	15,774,164	12,593,064
Expenses				
Educational program services				
Instruction	1,626,649	-	1,626,649	1,416,464
Institutional research	-	-	-	6,943
Student services	1,760,931	-	1,760,931	1,058,945
Student life	333,702	-	333,702	387,701
Auxiliary enterprises	349,127	-	349,127	589,793
AIHEC Conference expenses	-	-	-	11
Sponsored projects	2,079,060	-	2,079,060	1,778,923
New campus development	2,406	-	2,406	119,145
Total program services	6,151,875	-	6,151,875	5,357,925
Supporting services				
Academic support	944,044	-	944,044	662,127
Student financial aid	926,650	-	926,650	818,164
Sustainability	159,084	-	159,084	146,518
Cultural	89,676	-	89,676	89,681
Operations & maintenance	955,078	-	955,078	1,103,025
Institutional support	3,892,390	-	3,892,390	2,245,283
Total expenses	13,118,797	-	13,118,797	10,422,723
Change in net assets	2,879,342	(223,975)	2,655,367	2,170,341
Net assets, beginning of year (as restated)	13,085,603	1,019,388	14,104,991	11,934,650
Net assets, end of year	$ 15,964,945	$ 795,413	$ 16,760,358	$ 14,104,991

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2021
Page 1 of 2

	Instruction	Institutional Research	Student Services	Student Life	Auxiliary Enterprises	AIHEC Conference Expenses	Sponsored Projects	New Campus Development	Total Educational Program Services
Salaries and wages	$ 1,233,355	$ -	$ 670,749	$ 246,178	$ 184,430	$ -	$ 1,045,936	$ -	$ 3,380,648
Payroll taxes	93,521	-	53,712	19,679	15,060	-	198,067	-	380,039
Payroll benefits	107,761	-	130,261	43,723	41,909	-	146,144	-	469,798
Total personnel	1,434,637	-	854,722	309,580	241,399	-	1,390,147		4,230,485
Advertisement and promotion	-	-	5,972	-	6,303	-	7,215	-	19,490
Auto	4,964	-	3,662	1,807	3,131	-	31,390	-	44,954
Bad debt	11,597	-	12,555	2,379	2,489	-	14,823	17	43,860
Communications	-	-	1,071	-	-	-	733	-	1,804
Cost of goods sold	-	-	-	-	19,801	-	-	-	19,801
Dues and memberships	40	-	626	-	8,194	-	2,568	-	11,428
Employee training and recruiting	-	-	11,785	-	816	-	-	-	12,601
Equipment	17,393	-	38,782	-	-	-	84,503	-	140,678
Grant expense	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	5,318	-	5,318
Meals and events	-	-	15,605	-	3,065	-	-	-	18,670
Meeting expense	3,881	-	1,510	-	-	-	1,163	-	6,554
Miscellaneous	617	-	-	-	3,140	-	13,831	-	17,588
Occupancy	-	-	2,218	-	-	-	-	-	2,218
Printing and postage	-	-	-	-	-	-	-	-	-
Professional	2,000	-	3,480	-	3,410	-	66,900	-	75,790
Repair and maintenance	-	-	-	-	-	-	2,531	2,260	4,791
Student benefits	-	-	688,053	-	-	-	66,461	-	754,514
Subcontractor	3,698	-	3,750	-	14,289	-	123,437	-	145,174
Supplies	57,905	-	17,232	942	15,066	-	136,604	-	227,749
Travel	1,155	-	722	252	6,389	-	12,019	-	20,537
Tuition and program	1,729	-	4,968	887	2,955	-	8,178	-	18,717
Total expenses before depreciation	1,539,616	-	1,666,713	315,847	330,447	-	1,967,821	2,277	5,822,721
Depreciation	87,033	-	94,218	17,855	18,680	-	111,239	129	329,154
Total expenses	$ 1,626,649	$ -	$ 1,760,931	$ 333,702	$ 349,127	$ -	$ 2,079,060	$ 2,406	$ 6,151,875

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, 2021

	Academic Support	Student Financial Aid	Sustainability	Cultural	Operations & Maintenance	Institutional Support	Total
Salaries and wages	$ 268,025	$ -	$ 111,112	$ 67,545	$ 377,602	$ 1,311,497	$ 5,516,429
Payroll taxes	19,964	-	9,304	5,509	31,619	98,533	544,968
Payroll benefits	66,995	-	21,118	11,185	99,962	211,229	880,287
Total personnel	354,984	-	141,534	84,239	509,183	1,621,259	6,941,684
Advertisement and promotion	-	-	-	-	-	6,051	25,541
Auto	1,807	-	1,876	-	51,587	43,721	143,945
Bad debt	6,731	6,607	1,134	639	6,809	27,751	93,531
Communications	-	-	-	-	-	177,257	179,061
Cost of goods sold	46,307	-	-	-	-	-	66,108
Dues and memberships	20,067	-	-	-	-	93,437	124,932
Employee training and recruiting	-	-	-	-	-	6,588	19,189
Equipment	-	-	-	-	-	15,793	156,471
Grant expense	403,095	-	-	-	-	-	403,095
Insurance	-	-	-	-	-	98,541	103,859
Meals and events	1,215	-	-	-	-	2,275	22,160
Meeting expense	278	-	340	-	-	19,916	27,088
Miscellaneous	3,958	-	-	-	-	50,927	72,473
Occupancy	-	-	-	-	247,863	108,143	358,224
Printing and postage	-	-	-	-	-	34,722	34,722
Professional	16,290	-	-	-	-	254,944	347,024
Repair and maintenance	-	-	-	-	18,048	77,320	100,159
Student benefits	24,000	-	-	-	4,756	326,693	1,109,963
Subcontractor	8,286	-	-	-	64,848	302,043	520,351
Supplies	6,244	4,441	1,337	-	883	410,885	651,539
Travel	-	-	4,100	-	-	4,552	29,189
Tuition and program	271	866,022	251	-	-	1,313	886,574
Total expenses before depreciation	893,533	877,070	150,572	84,878	903,977	3,684,131	12,416,882
Depreciation	50,511	49,580	8,512	4,798	51,101	208,259	701,915
Total expenses	$ 944,044	$ 926,650	$ 159,084	$ 89,676	$ 955,078	$ 3,892,390	$ 13,118,797

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2020
Page 1 of 2

	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	20,754	102	15,516	5,681	8,642	-	31,171	1,746	83,612
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	-	-	-	111,982	-	115,599
Grant expense	-	-	-	-	-	-	-	-	-
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	-	-	-	-	852	-	2,267	-	3,119
Occupancy	-	-	4,677	-	-	-	9,304	-	13,981
Printing and postage	-	-	753	-	-	-	-	-	753
Professional	-	-	3,060	-	28,298	-	64,130	-	95,488
Repair and maintenance	-	-	-	-	-	-	14,638	109,683	124,321
Student benefits	-	-	81,500	30,530	-	-	65,412	-	177,442
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	1,324,727	6,493	990,362	362,592	551,595	10	1,664,046	111,429	5,011,254
Depreciation	91,737	450	68,583	25,109	38,198	1	114,877	7,716	346,671
Total expenses	$ 1,416,464	$ 6,943	$ 1,058,945	$ 387,701	$ 589,793	$ 11	$ 1,778,923	$ 119,145	$ 5,357,925

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
Page 2 of 2

	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	-	-	-	-	-	5,390	19,513
Auto	998	-	1,814	-	96,983	56,859	230,216
Bad debt	9,702	11,988	2,147	1,314	16,162	32,896	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	158,057
Grant expense	184,896	-	-	-	-	-	184,896
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	-	-	-	-	25,155	32,495
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	-	147,338
Student benefits	8,385	-	-	-	21,624	109,065	316,516
Subcontractor	11,037	-	-	-	98,483	248,783	401,315
Supplies	5,146	731	1,964	-	678	13,877	216,338
Travel	2,312	399	132	-	2,000	12,861	63,182
Tuition and program	-	752,058	-	-	-	1,769	807,153
Total expenses before depreciation	619,244	765,176	137,029	83,873	1,031,588	2,099,867	9,748,031
Depreciation	42,883	52,988	9,489	5,808	71,437	145,416	674,692
Total expenses	$ 662,127	$ 818,164	$ 146,518	$ 89,681	$ 1,103,025	$ 2,245,283	$ 10,422,723

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

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 2,655,367	$ 2,170,341
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Provision for bad debt	200	(115,587)
Write-off of allowance for doubtful accounts	93,331	273,408
Depreciation	701,915	674,692
Net realized and unrealized gain on investments	(54,561)	(35,799)
Net realized and unrealized gain on beneficial interest in funds held by others	(64,451)	(1,832)
Contributions restricted for permanent investment	(5,737)	-
Changes in operating assets and liabilities		
Accounts receivable	(118,079)	(253,404)
Unbilled grants receivable	(2,715,836)	(270,268)
Contributions receivable	300,000	(886,325)
Inventory	(158,769)	(9,981)
Prepaid expenses	18,932	7,615
Accounts payable	530,033	19,141
Accrued expenses	129,366	101,069
Unearned revenue	9,975,888	962,501
Funds held for American Indian Higher Education	-	(6,188)
Net cash provided by operating activities	11,287,599	2,629,383
Cash Flows from Investing Activities		
Purchases of capital assets	(2,751,295)	(1,144,418)
Proceeds from sale of investments	301,582	388,193
Purchases of investments	(354,288)	(88,348)
Contributions and reinvestments in beneficial interest in funds held by others	(7,085)	(2,896)
Net cash used in investing activities	(2,811,086)	(847,469)
Cash Flows from Financing Activities		
Collection of contributions restricted for permanent investment in endowment	5,737	-
Net cash provided by financing activities	5,737	-
Net change in cash and cash equivalents	8,482,250	1,781,914
Cash and cash equivalents, beginning of year	3,720,374	1,938,460
Cash and cash equivalents, end of year	$ 12,202,624	$ 3,720,374

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 consolidated 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, 2021 and 2020.

Revenue Recognition
Contributions
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 606. Government grants revenues from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred or services are provided. If the transaction is considered a contribution, then the Organization recognizes revenue in accordance with ASC 958-605. For the year ended June 30, 2021, none of the Organization's government grants revenues were considered exchange transactions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions and Gifts - Contributions and gifts 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 contribution 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 revenue which are considered conditional 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.

Exchange Transactions

The Organization recognizes tuition and fees, bookstore sales and development revenues in accordance with ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Tuition and Fees – The Organization's tuition and fees are paid by students and/or agencies on their behalf. Student tuition and fees are recognized in the fiscal year in which the academic programs are delivered, i.e. when the performance obligation is satisfied. Withdrawals that occur prior to a published deadline may receive a full or partial refund in accordance with the Organization's refund policy. Historically, refunds have not been significant. Payments for tuition are due, prior to the first day of the start of the academic term unless addressed by a payment plan in good standing. All payment plans must be complete prior to the end of the academic term. Generally, the Organization 's performance obligations are satisfied equally over the academic term. The Organization applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with the completion of the 2020-2021 academic year. The Organization determines the transaction price based on standard charges for goods and services provided reduced by discounts provided, relating to institutional scholarships and fellowships in accordance with the Organization 's policies. The majority of the Organization's students rely on funds received from various Federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended, to pay for a substantial portion of their tuition. These programs are subject to periodic review by the United States Department of Education ("ED"). Disbursements under each program are subject to disallowance by ED and repayment by the Organization. In addition, as an educational institution, the Organization is subject to licensure from various accrediting and state authorities and other regulatory requirements of ED. A receivable is recorded to the extent recorded revenues exceed payment received; conversely, unearned revenue is recorded when cash received exceeds earned revenues.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring services to the customer. Revenue is recorded based on the transaction price, which includes estimates of variable consideration. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Organization estimates the amount of variable consideration at the expected value based on its assessment of legal enforceability, anticipated performance and a review of specific transactions, historical experience and market and economic conditions. The Organization historically has not experienced any significant incidents affecting the defined levels of reliability and performance as required by the contracts.

Bookstore Sales – The Organization's campus bookstore sells textbooks and other educational related materials. These sales are recorded at a determined transaction price, which varies by item. The Organization records revenue from these sales upon delivery of the goods to the customer, which occurs at the point of sale. Performance obligations are determined to be the completed sale of each item.

Development Revenues – The Organization's development revenues relate to its apprenticeship programs which provide skilled labor services on projects located within the Tohono O'odham Nation. The Organization recognizes development revenues under fee-for-service agreements when skilled labor services are rendered. Performance obligations are determined based on the nature of the services provided. Management believes that an individual hour of skilled labor services provided to the client is considered one performance obligation, with the transaction price recognized as revenue when the performance obligations are transferred to the client. The Organization recognizes revenue over time since the client simultaneously receives and consumes the benefits of the services provided per each skilled labor hour. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The timing of revenue recognition may not align with the right to invoice the customer. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability, such as unearned revenue is also recorded. If revenue is recognized in advance of the right to invoice, a contract asset, such as accounts receivable is recorded.

Disaggregated Revenue - As discussed previously, revenue from the bookstore sales are recognized at a point in time, whereas revenue from tuition and fees and development revenues are recognized over time. Total revenue recognized at a point in time and over time was as follows for the year ended June 30, 2021:

Revenue recognized at a point in time	$	96,495
Revenue recognized over time		959,909
Total revenue	$	1,056,404

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 15). 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, 2021 and 2010, management estimated an allowance for uncollectible accounts of $86,421 and $86,221, respectively. For grants receivable, management considers the balance fully collectible as of June 30, 2021 and 2020.

Unbilled Grants Receivables

Unbilled receivables represent revenue earned during the reporting period but not billed to the funding agency until a future period, as specified per the related award agreements.

Contributions Receivable

The Organization accounts for contributions receivable to be made in future years as unconditional promises to give in the year the promise is made. If significant, contributions receivable to be received after one year are presented at their discounted present value at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Contributions Receivable (continued)

contributions. The fair value amount of contributions receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. All contributions receivable deemed to be uncollectible are written off. As of June 30, 2021 and 2020, management considered all contributions receivable to be collectible, therefore, no allowance for uncollectible promises has been provided.

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 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, 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 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, 2021, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Beneficial Interest in Funds Held by Others (continued)

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.

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, 2021, 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, 2021 and 2020, advertising expense was $25,541 and $19,513, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

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, 2021 and 2020, 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.

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, 2020, 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. Restatement of Prior Year Information

During the Organization's implementation of ASU 2014-09 (see Note 4 below), it was discovered that a large government grant for $900,000 that was previously accounted for as a conditional contribution was in fact an unconditional contribution with donor restrictions. The full award is to be received in three annual installments of $300,000 and the first annual installment was received in fiscal year 2020. Of the first installment received, only $13,675 was utilized for its restricted purpose and recognized as revenue, the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restatement of Prior Year Information (continued)

remaining $286,325 was recorded as unearned revenue. However, as the award is unconditional with donor restrictions, the entire award should have been recorded as revenue with donor restrictions during fiscal year 2020. To correct this error, the fiscal year ended June 30, 2020 consolidated financial statements were restated. The restatement resulted in a $600,000 new contributions receivable asset, a $286,325 decrease to unearned revenue liability, and a $886,325 increase to net assets with donor restrictions and change in net assets, respectively.

The components of the restated June 30, 2020 contributions receivable balance are as follows:

Contributions receivable as of June 30, 2020, as previously stated	$ -
Effect of recording remaining uncollected annual installments	600,000
Contributions receivable as of June 30, 2020, as restated	$ 600,000

The components of the restated June 30, 2020 unearned revenue liability are as follows:

Unearned revenue liability as of June 30, 2020, as previously stated	$ 1,078,863
Effect of removing amounts erroneously included	(286,325)
Unearned revenue liability as of June 30, 2020, as restated	$ 792,538

The components of the restated June 30, 2020 net assets with donor restrictions are as follows:

Net assets with donor restrictions as of June 30, 2020, as previously reported	$ 133,063
Effect of recording total unspent award with donor restrictions	886,325
Net assets with donor restrictions as of June 30, 2020, as restated	$ 1,019,388

The components of the restated change in net assets for the year ended June 30, 2020 are as follows:

Change in net assets for the year ended June 30, 2020, as previously reported	$ 1,284,016
Effect of recording total unspent award with donor restrictions	886,325
Change in net assets for the year ended June 30, 2020, as restated	$ 2,170,341

4. Recent Accounting Pronouncements

Adopted as of June 30, 2021

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 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Adopted as of June 30, 2021 (continued)

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); and gross versus net revenue reporting (ASU No. 2016-08). 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.

The Organization adopted ASU 2014-09 on July 1, 2020 utilizing the modified retrospective method. As part of the adoption of the ASU, the Organization elected 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 consolidated 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 Organization's modified retrospective adoption of the new revenue standard resulted in no impact to consolidated net assets, or to cash from or used in operating, financing or investing on the consolidated statement of cash flows. The impact of applying this ASU for the year ended June 30, 2021 resulted in no impact to the consolidated financial statements and primarily affected the Organization's disclosure of policies and related activity for tuition and fees, bookstore sales and development revenues.

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 adoption of this ASU did not have a material effect on the Organization's consolidated financial statements or disclosures.

Not Adopted as of June 30, 2021

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 consolidated financial statements, with certain practical expedients available.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Not Adopted as of June 30, 2021 (continued)
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 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 and does not expect the impact to be significant.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Not Adopted as of June 30, 2021 (continued)

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.

5. 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:

	2021	2020
Cash and cash equivalents	$ 12,202,624	$ 3,720,374
Accounts receivable, net	267,955	243,407
Unbilled grants receivable	3,391,692	675,856
Contributions receivable	300,000	600,000
Investments	1,631,690	1,524,423
Beneficial interest in funds held by others	445,771	374,235
Total financial assets	18,239,732	7,138,295
Less amounts unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions		
Endowment funds	103,953	98,216
Other donor restrictions	691,460	921,172
Board designations		
Building reserve	18,011	18,011
Operating reserve	1,800,000	1,800,000
Quasi-endowment	299,297	254,851
Financial assets available to meet cash needs for general expenditures within one year	$ 15,327,011	$ 4,046,045

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Liquidity and Availability of Resources (continued)

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, 2021 and 2020, 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, 2021 and 2020, the board designated quasi-endowment had a balance of $299,297 and $254,851, respectively.

6. Contributions Receivable

Contributions receivable consists of the following as of June 30:

	2021	2020
Receivables (one year)	$ 300,000	$ 300,000
Receivables (two to five years)	-	300,000
Contributions receivable, net	$ 300,000	$ 600,000

7. Investments

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

	2021	2020
Mutual Funds	$ 1,631,690	$ 1,524,423
Total Investments	$ 1,631,690	$ 1,524,423

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

	2021	2020
Interest and dividend income	$ 53,180	$ 82,718
Realized and unrealized gain on investments, net	54,561	35,799
Investment fees	(7,884)	(8,078)
Total investment income, net	$ 99,857	$ 110,439

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. 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.

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2021:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Intermediate Core Bond	$ 316,372	$ 316,372	$ -	$ -
Large Blend	188,676	188,676	-	-
Short Term Bond	320,686	320,686	-	-
High Yield Bond	82,889	82,889	-	-
Emerging Markets Bond	80,176	80,176	-	-
Intermediate Core-Plus Bond	642,891	642,891	-	-
	1,631,690	1,631,690	-	-
Beneficial interest in funds held by others	445,771	-	-	445,771
Total	$ 2,077,461	$ 1,631,690	$ -	$ 445,771

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

	2021	2020
Fair value as of July 1	$ 374,235	$ 369,508
Contributions	5,737	-
Investment gain included in change in net assets	71,021	9,362
Fees	(5,222)	(4,635)
Fair value as of June 30	$ 445,771	$ 374,235

9. Capital Assets, Net

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

	2021	2020
Buildings and improvements	$ 7,169,955	$ 7,169,955
Land improvements	4,835,735	4,835,735
Leasehold improvements	239,727	89,937
Office equipment	1,096,892	1,131,542
Furniture and fixtures	807,985	807,985
Machinery and equipment	117,522	117,522
Vehicles	232,136	205,136
Library books	149,227	149,227
Construction in progress	3,821,309	1,246,804
	18,470,488	15,753,843
Less accumulated depreciation	(7,890,988)	(7,223,723)
Property and equipment, net	$ 10,579,500	$ 8,530,120

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Net Assets with Donor Restriction

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

		2021		2020
Subject to expenditure for specified purpose:				
Scholarships	$	9,272	$	12,954
Capital campaign		725		725
Learning center		638,942		886,325
		648,939		900,004
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		103,953		98,216
Accumulated investment earnings, which, once appropriated, are expendable to support operations		42,521		21,168
Total	$	795,413	$	1,019,388

11. Endowment

Changes in endowment net assets for the year ended June 30, 2021:

		Without Donor Restrictions		With Donor Restrictions		Total
Endowment net assets, June 30, 2020	$	254,851	$	119,384	$	374,235
Investment return						
Investment income		911		437		1,348
Net appreciation		43,535		20,916		64,451
Total investment return		44,446		21,353		65,799
Contributions		-		5,737		5,737
Endowment net assets, June 30, 2021	$	299,297	$	146,474	$	445,771

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Endowment (continued)

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	1,973	922	2,895
Net appreciation	1,249	583	1,832
Total investment return	3,222	1,505	4,727
Endowment net assets, June 30, 2020	$ 254,851	$ 119,384	$ 374,235

12. 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 $279,824 and $237,696 in 2021 and 2020, respectively.

13. 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 2021 and 2020, respectively. Future support under the board resolution for appropriations calls for yearly contributions of $4,853,376.

Development provided skilled labor services to the Tohono O'odham Utility Authority which totaled $78,861 for the year ended June 30, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Related Party Transactions (continued)

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

	2021	2020
Employee related costs with the Nation of which $125,795 and $61,182 is included in accounts payable at June 30, 2021 and 2020	$ 661,371	$ 647,871
Tohono O'odham Utility Authority (TOAU) of which $34,080 and $15,293 is included in accounts payable at June 30, 2021 and 2020	217,626	262,317
Sewer costs with Tohono O'odham Solid Waste Management of which $433 is included in accounts payable at June 30, 2021 and 2020, respectively	4,767	2,013
	$ 883,764	$ 912,201

14. Commitments and Contingencies

Operating Leases

The Organization leased building facilities under an operating lease agreement with Indian Oasis-Baboquivari Unified School District. The lease agreement called for monthly payments of $3,500 paid quarterly through 2016. The agreement automatically extended for additional five-year terms unless the Organization gives written notice of termination. The Organization ended this lease in November 2021.

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 2022. 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 $13,230 per year through 2022. 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 ranging from approximately $4,100 to $5,200 through 2022.

Total rent expense paid under these lease agreements was $137,160 and $122,145 for 2021 and 2020, 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, 2021:

Fiscal Year Ending	Amount
2022	$ 127,819
2023	111,477
2024	111,477
2025	111,477
2026	112,693

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, as amended, for the construction services is $3,025,393 and is subject to additions and deductions as defined by the agreement. Through June 30, 2021, related contractor fees incurred totaled $3,011,719 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.

15. Concentrations of Credit Risk

Legislative Appropriations and Government Grants
For the years ended June 30, 2021 and 2020, legislative appropriations from the Nation accounted for 31% and 39%, 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, 2021 and 2020, government grant receivables comprised 93% and 84% of total receivables, respectively. For the years ended June 30, 2021 and 2020, government grants revenue accounted for approximately 61% and 50%, 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, 2021 and 2020, the Organization had $12,157,327 and $3,731,559 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, 2021 and 2020, the Organization had $1,131,690 and $1,024,423, respectively, in excess of SIPC insured limits.

16. ***Subsequent Events***
The Organization evaluated subsequent events through February 10, 2022, 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 Organization 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 Organization.