Tohono O'odham Community College

1998

Financial Statements and Supplementary Information

June 30, 2024 and 2023

CONTENTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tohono O'odham Community College (the Organization) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2023 were audited by other auditors whose report dated March 25, 2024 expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted a management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025, 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, 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.

Windes, Inc.

Long Beach, California
March 20, 2025

TOHONO O'ODHAM COMMUNITY COLLEGE

STATEMENTS OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 14,907,301	$ 13,785,304
Investments, unrestricted	1,616,171	1,513,727
Accounts receivable, net	212,709	298,223
Grants receivable	8,377,802	4,005,440
Bookstore inventory	241,408	232,318
Total Current Assets	25,355,391	19,835,012
NONCURRENT ASSETS		
Investments, unrestricted	298,547	283,397
Beneficial interest in funds held by others	444,571	422,012
Capital assets, net	12,072,930	10,228,013
Operating lease right-of-use assets, net	289,872	364,478
Total Noncurrent Assets	13,105,920	11,297,900
TOTAL ASSETS	$ 38,461,311	$ 31,132,912

LIABILITIES AND NET POSITION

	2024	2023
CURRENT LIABILITIES		
Accounts payable	$ 462,667	$ 472,492
Accrued expenses	3,293,038	1,700,045
Unearned revenue	11,029,979	11,929,245
Operating lease liabilities, current portion	51,183	48,510
Total Current Liabilities	14,836,867	14,150,292
Operating lease liabilities, noncurrent portion	250,155	319,651
TOTAL LIABILITIES	15,087,022	14,469,943
NET POSITION		
Investment in capital assets	12,072,930	10,228,013
Restricted:		
Nonexpendable	103,953	103,953
Expendable	2,269,753	207,818
Unrestricted	8,927,653	6,123,185
Total Net Position	23,374,289	16,662,969
TOTAL LIABILITIES AND NET POSITION	$ 38,461,311	$ 31,132,912

The accompanying notes are an integral part of these financial statements.

TOHONO O'ODHAM COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Tuition and fees	$ 184,518	$ 138,941
Less waivers and scholarships	(184,518)	(138,941)
Net tuition and fees	-	-
Government grants	11,946,344	6,197,983
Bookstore sales	185,262	275,099
Miscellaneous income	42,222	22,728
Total revenues and other support	12,173,828	6,495,810
EXPENSES		
Education and general		
Instruction	2,834,322	2,906,499
Academic support	550,268	458,202
Student services	2,611,147	2,049,919
Student assistance	2,877,161	2,082,990
Institutional support	5,180,760	5,854,953
Operation and maintenance	1,466,766	1,857,895
Grants to other entities	3,159,541	858,603
Community engagement	1,049,949	71,478
Depreciation and amortization	821,923	831,417
Total expenses	20,551,837	16,971,956
OPERATING LOSS	(8,378,009)	(10,476,146)
NONOPERATING REVENUES		
Government grants	7,506,217	5,008,583
Legislative appropriation	5,096,045	5,096,045
Federal Pell grants	2,267,141	1,658,282
Investment income, net	131,235	58,266
Contributions	88,691	52,622
Net nonoperating revenues	15,089,329	11,873,798
CHANGE IN NET POSITION	6,711,320	1,397,652
NET POSITION, BEGINNING OF YEAR	16,662,969	15,265,317
NET POSITION, END OF YEAR	$ 23,374,289	$ 16,662,969

The accompanying notes are an integral part of these financial statements.

TOHONO O'ODHAM COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees received	$ 270,032	$ 150,031
Government grants received	6,674,716	3,881,620
Payments to employees	(6,954,980)	(5,950,659)
Payments for other employee benefits	(1,963,602)	(1,344,858)
Payments to suppliers and utilities	(5,313,489)	(4,929,426)
Payments of grants to others	(1,110,990)	(858,603)
Payments to students for scholarships and assistance	(2,989,510)	(2,221,931)
Other receipts	227,484	297,827
Net Cash Used In Operating Activities	(11,160,339)	(10,975,999)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating government grant revenue	7,500,512	5,000,650
Legislative appropriation	5,096,045	5,096,045
Federal Pell grants	2,267,141	1,658,282
Contributions	88,691	52,622
Net Cash Provided by Noncapital Financing Activities	14,952,389	11,807,599
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(2,666,840)	(937,893)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(72,873)	(62,952)
Interest and dividends received, net of fees	72,873	62,952
Contributions and reinvestments in beneficial interest in funds held by others	(3,213)	(608)
Net Cash Used In Investing Activities	(3,213)	(608)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,121,997	(106,901)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,785,304	13,892,205
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 14,907,301	$ 13,785,304

The accompanying notes are an integral part of these financial statements.

TOHONO O'ODHAM COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Continued)

	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	$ (8,378,009)	$ (10,476,146)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Provision for bad debt	156,860	124,747
Depreciation and amortization	821,923	831,417
Amortization of operating lease right-of-use assets	74,606	22,852
Changes in assets and liabilities:		
Accounts receivable	(71,346)	11,090
Grants receivable	(4,372,362)	(2,395,048)
Contributions receivable and other assets	-	307,509
Bookstore inventory	(9,090)	(87,037)
Accounts payable	(9,825)	(500,800)
Accrued expenses	1,592,993	1,125,901
Unearned revenue	(899,266)	78,685
Operating lease liabilities	(66,823)	(19,169)
Net Cash Used In Operating Activities	$ (11,160,339)	$ (10,975,999)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for amounts included in measurement of operating lease liabilities:		
Operating cash outflows - payments on operating leases	$ 59,815	$ 29,153
Right-of-use assets obtained in exchange for new lease obligations	$ -	$ 387,330

The accompanying notes are an integral part of these financial statements.

NOTE 1 – Organization

Tohono O'odham Community College (the Organization) is a nonprofit organization chartered by Tohono O'odham Nation (the Nation) as a separate legal entity in 1998. The Organization'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. The Organization's main sources of revenue are the Nation's appropriations, government grants, and tuition.

The Organization has a partnership with San Carlos Apache College (SCAC), offering courses and programs for students from both colleges.

Tohono O'odham Community College Development, LLC (TOCC Development), a single member Arizona limited liability company, was formed by the Organization during 2012 to provide construction services and apprenticeship programs. The Organization was the sole member of TOCC Development. During April 2024, TOCC Development filed Articles of Termination and as of June 30, 2024, the entity is legally dissolved. TOCC Development had no activity for the years ended June 30, 2024 or 2023.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. GASB statements and interpretations constitute GAAP for governments, including colleges. The significant accounting principles and policies utilized by the Organization are described below.

The Organization's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange takes place. Nonexchange transactions, in which the Organization gives or receives value without directly receiving or giving equal value in exchange, include grants and contributions. Grants and contributions are recognized as revenues in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

NOTE 2 – 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.

Receivables

Receivables 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 credit uncollectible amounts. Grant revenue is recognized when appropriate expenditures are incurred on federal grant programs or as required by the specific grant agreement. Where the funding has yet to be received by the Organization, a grant receivable is recognized.

An allowance for uncollectible accounts is used when management has reason to believe that a portion of receivables will be uncollectible. Management has chosen to utilize doubtful accounts for accounts receivable that are unlikely to be collected. 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. Management estimated an allowance for uncollectible accounts receivable of $501,354 and $344,494 as of June 30, 2024 and 2023, respectively.

Bookstore Inventory

Bookstore 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

Investments in debt and equity securities are valued at their fair values. Investment income, gains, and losses are reported net of related investment fees. 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 at the time of donation.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Investments (Continued)

The Organization holds a beneficial interest in funds held by the Community Foundation of Southern Arizona (CFSA). These funds are invested in professional-managed portfolios that contain equity and fixed income securities and recognized at fair value. Investment income is recognized from gains or losses on the fair value or any distributions from the funds.

Capital Assets

Capital assets are stated at cost if purchased. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. 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.

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	Lesser of lease term or useful life
Office equipment	3-5 years
Furniture and fixtures	7 years
Farm and research equipment	3-7 years
Vehicles	5 years
Library books	10 years

The Organization periodically reviews the carrying value capital assets held for possible impairment when events and circumstances warrant such a review. Through June 30, 2024, the Organization had not experienced impairment losses on its capital assets.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Unearned Revenue

Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition.

Net Position

The financial statements utilize a net position presentation categorized as follows:

> Net Investment in Capital Assets – This category reflects the portion of net position that is associated with capital assets net of accumulated depreciation and outstanding debt related to capital assets, it any.
>
> Restricted Net Position – This category reflects net position of the Organization subject to external restrictions, such as grantors, contributors, or laws and regulations. The nonexpendable net position is subject to externally imposed restrictions, which must be retained in perpetuity by the Organization and includes the Organization's permanent endowment funds. The expendable restricted net position is subject to externally imposed restrictions that can be fulfilled by actions pursuant to those restrictions or expires by the passage of time.
>
> Unrestricted Net Position – This category reflects the portion of net position of the Organization that is not restricted or invested in capital assets. The unrestricted net position may be designated for specific purposes by management or the Board of Trustees.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use externally restricted resources first.

Revenue and Expenses

Operating revenues and expenses generally include all fiscal transactions directly related to instructional and auxiliary enterprise activities plus administration, operation, and maintenance of capital assets and depreciation on capital assets. Included in non-operating revenues are investment income, contributions, and federal student grants.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue and Expenses (Continued)

Certain significant revenues relied upon and budgeted for fundamental operational support of the primary mission of the Organization are mandated by GASB to be recorded as nonoperating revenues, including legislative appropriations, certain federal grants for student financial aid, contributions, and investment income, since GASB does not consider them to be related to the principal operating activities of the Organization.

The Nation provides appropriations to the Organization on an annual basis. Nation educational appropriations are recognized as nonoperating revenue; however, the related expenses for educational, retirement, or other specific operating purposes are reported as operating expenses. Nation appropriations for capital projects are recorded as revenue under other changes in net position when the related expenditures are incurred.

Nonoperating revenues and expenses also include government grants from Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act, American Rescue Plan (ARP) Act, and grants that may be used at the Organization's discretion.

Student Tuition and Fees

Student tuition and fees are recorded, net of scholarships, as revenues in the period in which the related activity or instruction takes place. Tuition and fees for the summer semester are prorated on the basis of student class days occurring before and after June 30.

Certain student financial aid is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as student assistance in operating expenses or waivers and scholarships. Waivers and scholarships represent the amount of aid applied directly to the student's account. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash.

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.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Government Grants

Government grants for reimbursable programs are recognized as revenues in the year related program expenses are incurred or eligibility requirements are met. Amounts received or receivable in excess of expenses incurred are recorded as unearned revenue.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The Organization has no items that qualify for reporting in these categories.

Leases

The Organization determines if an arrangement contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. The Organization also considers whether its service arrangements include the right to control the use of an asset.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Organization does not recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization utilizes a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

The Organization accounts for lease and non-lease components in its contracts as a single lease component for its land and buildings. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Tax Exempt Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) 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 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 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.

Compensated Absences

The Organization accrues annual leave, including employer-related costs, for employees at rates based upon length of service and job classification, and compensatory time based upon job classification and hours worked.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (GASB 101), effective for the fiscal year beginning July 1, 2024. The Statement replaces Statement No. 16, *Accounting for Compensated Absences*, to align recognition and measurement guidance for all types of compensated absences under a unified model. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement also establishes guidance for measuring a liability for leave that has not been used. As of June 30, 2024, the Organization reported compensated absences liability of approximately $275,000. The Organization is evaluating the full effect that GASB 101 will have on its financial statements.

Subsequent Events

The Organization evaluated subsequent events through March 20, 2025, which represents the date the financial statements were available to be issued and concluded that no additional disclosures are required.

NOTE 3 – Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The Organization's cash and cash equivalents at June 30, 2024 and 2023 were as follows:

	2024	2023
Cash deposits with financial institutions	$ 14,907,101	$ 13,785,304
Petty cash and bookstore cash	200	-
Total cash and cash equivalents	$ 14,907,301	$ 13,785,304

Deposits at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for the combined amount of all accounts (interest-bearing and non-interest-bearing).

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Organization does not have a deposit policy for custodial credit risk. Of the balance held at financial institutions as of June 30, 2024 and 2023, $267,105 and $276,024, respectively, were covered by the FDIC. The remaining balances were uninsured and uncollateralized.

Investments

The Organization's investments are composed of mutual funds of $1,914,718 and $1,797,124 as of June 30, 2024 and 2023.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Organization does not have any investments with fair values that are highly sensitive to interest rate fluctuations.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Organization's investments are held in mutual funds and are therefore unrated.

NOTE 4 – 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 following tables present the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2024 and 2023:

	June 30, 2024			
Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Intermediate Core Bond	$ 361,714	$ 361,714	$ -	$ -
Large Blend	236,208	236,208	-	-
Short Term Bond	382,611	382,611	-	-
High Yield Bond	103,647	103,647	-	-
Emerging Markets Bond	101,763	101,763	-	-
Intermediate Core-Plus Bond	728,775	728,775	-	-
	1,914,718	1,914,718	-	-
Beneficial interest in funds held by others	444,571	-	-	444,571
Total	$ 2,359,289	$ 1,914,718	$ -	$ 444,571

NOTE 4 – Fair Value Measurements (Continued)

	June 30, 2023			
Description	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Mutual funds				
Intermediate Core Bond	$ 352,170	$ 352,170	$ -	$ -
Large Blend	192,421	192,421	-	-
Short Term Bond	361,277	361,277	-	-
High Yield Bond	94,371	94,371	-	-
Emerging Markets Bond	93,084	93,084	-	-
Intermediate Core-Plus Bond	703,801	703,801	-	-
	1,797,124	1,797,124	-	-
Beneficial interest in funds held by others	422,012	-	-	422,012
Total	$ 2,219,136	$ 1,797,124	$ -	$ 422,012

The restricted investments held at 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 a reconciliation of the changes in the value of the beneficial interest in funds held by others for the years ended June 30:

	2024	**2023**
Fair value as of July 1, 2023	$ 422,012	$ 399,649
Investment gain	27,918	27,433
Fees	(5,359)	(5,070)
Fair value as of June 30, 2024	$ 444,571	$ 422,012

NOTE 5 – Capital Assets, Net

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

	2024	2023
Buildings and improvements	$ 11,564,215	$ 10,690,638
Land improvements	4,835,735	4,835,735
Leasehold improvements	333,918	253,068
Office equipment	1,407,387	1,274,143
Furniture and fixtures	820,735	820,735
Farm and research equipment	117,522	117,522
Vehicles	232,136	232,136
Library books	156,227	149,227
Construction in progress	2,943,346	1,371,177
	22,411,221	19,744,381
Less accumulated depreciation and amortization	(10,338,291)	(9,516,368)
Capital assets, net	$ 12,072,930	$ 10,228,013

NOTE 6 – Leases

The Organization entered into a 25-year land lease in 2007 with the 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 $10,420 per year through 2027. 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 the Schuk Toak District for the Organization's main campus. The lease agreement requires the Organization to pay impact fees of $13,891 per year through 2025. 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 2023 with the Economic Development Authority for the Organization's culinary school. The lease agreement requires the Organization to pay monthly lease payments of $3,000 through 2028.

NOTE 6 – Leases (Continued)

Any options to extend or terminate the leases are included in the lease term when it is reasonable certain that the Organization will exercise those options. The Organization's operating leases do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

For the years ended June 30, 2024 and 2023, lease costs totaled $118,921 and $120,945, respectively, including certain short-term lease costs.

The discount rate used in estimating the fair value of the lease liabilities was 3.2% as of both June 30, 2024 and 2023. As of June 30, 2024 and 2023, the remaining lease term was 6.5 years and 7.5 years, respectively.

Future minimum lease commitments for the noncancellable leases are as follows as of June 30, 2024:

Year Ending June 30,	
2025	$ 60,311
2026	61,005
2027	61,005
2028	55,527
2029	26,256
Thereafter	69,140
Total minimum lease payments	333,244
Less amount representing interest	(31,906)
Total present value of lease liabilities	301,338
Current portion	(51,183)
Long-term lease liabilities	$ 250,155

NOTE 7 – Restricted Net Position

Restricted funds within the net position were restricted for the following purposes as of June 30:

	2024	2023
Subject to expenditure for specified purpose:		
Scholarships	$ 174,400	$ 148,233
Capital campaign	725	725
Learning center	-	24,198
TCU President's Fund (language and culture)	52,556	-
Remedial education	2,000,000	-
Accumulated investment earnings on donor-restricted endowment	42,072	34,662
	2,269,753	207,818
Nonexpendable:		
Donor-restricted endowment	103,953	103,953
Total	$ 2,373,706	$ 311,771

NOTE 8 – Endowments

Endowment Funds

Endowment funds were established to support, further, and enhance the mission of the Organization. These endowments consist of one fund held and managed at CFSA, which is composed of assets restricted by a donor (restricted) and funds designated by the Board of Trustees (unrestricted).

The restricted endowment was established when the Organization received grants from the U.S. Department of the Interior to establish an 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.

NOTE 8 – Endowments (Continued)

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 classification of 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 nonexpendable restricted funds (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 restricted expendable funds 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 unrestricted funds.

The Organization considers certain factors in making a determination to appropriate or accumulate donor-restricted endowment funds, such as duration and preservation of the fund, purpose of the endowment fund, general economic conditions, the effect of inflation and deflation, total expected return, and the Organization's investment policies.

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. 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 endowment is to maximize growth and earnings by the prudent investment of these funds.

NOTE 8 – Endowments (Continued)

Changes in endowment net assets for the years ended June 30, 2024 and 2023 were as follows:

	Board-Designated Endowment	Donor-Restricted Endowment	Total
Endowment net assets, July 1, 2022	$ 268,430	$ 131,219	$ 399,649
Investment return			
Investment income	407	201	608
Net appreciation	14,560	7,195	21,755
Total investment return	14,967	7,396	22,363
Endowment net assets, June 30, 2023	283,397	138,615	422,012
Investment return			
Investment income	2,158	1,055	3,213
Net appreciation	12,992	6,355	19,347
Total investment return	15,150	7,410	22,560
Endowment net assets, June 30, 2024	$ 298,547	$ 146,025	$ 444,571

NOTE 9 – Pension Plan

The Organization 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 and 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. The Organization currently contributes 5% of employees' gross annual pay into the plan. The Organization's contributions under the plan were $332,317 and $276,036 in 2024 and 2023, respectively.

NOTE 10 – Related-Party Transactions

The Legislative Council of the Nation has passed a series of resolutions appropriating certain funds to subsidize the Organization's operations through June 2027. The Organization received $5,096,045 in appropriations in 2024 and 2023. Future support under the board resolution for appropriations calls for yearly contributions of $5,096,045 through June 2027.

The Organization incurred and paid costs with related parties as follows as of June 30:

	2024	2023
Employee-related costs and/or motor pool fuel costs with the Nation of which $657,305 and $1,076,051 is included in accrued expenses at June 30, 2024 and 2023, respectively.	$ 1,524,100	$ -
Tohono O'odham Utility Authority (TOAU) costs of which $29,543 and $33,541 is included in accounts payable at June 30, 2024 and 2023, respectively.	155,143	73,956
Sewer costs with Tohono O'odham Solid Waste Management of which $0 is included in accounts payable at June 30, 2024 and 2023, respectively.	-	1,530
Rental costs with the Economic Development Authority of which $0 is included in accounts payable at June 30, 2024 and 2023, respectively.	44,457	28,682
	$ 1,723,700	$ 104,168

During the years ended June 30, 2024 and 2023, the Organization granted SCAC $3,159,541 and $858,603, respectively. These grants were generated from federal and state grants.

NOTE 11 – Commitments and Contingencies

Construction Services Agreement (ESB Design & Build)

The Organization entered into an agreement with a design and build contractor for the construction of two buildings. The total contract price, as amended, for construction services is $14,263,943 and is subject to additions and deductions as defined by the agreement. Through June 30, 2024, related contractor fees incurred totaled $2,823,211 and are included in construction in progress within capital assets.

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.

NOTE 12 – Concentrations of Credit Risk

Legislative Appropriations and Government Grants

For the years ended June 30, 2024 and 2023, legislative appropriations from the Nation accounted for 19% and 28%, 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 revenue and support from government grants for various programs. At times, grants for particular programs may constitute a concentration as defined by U.S. GAAP. As of June 30, 2024 and 2023, government grants receivable comprised 98% and 93% of total receivables, respectively. For the years ended June 30, 2024 and 2023, government grants revenue accounted for approximately 71% and 61%, respectively, of total revenue and support.

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

To the Board of Trustees of
Tohono O'odham Community College

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 financial statements of Tohono O'odham Community College (the Organization), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, expenses by function and nature, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 entity's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 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.

Windes, Inc.

Long Beach, California
March 20, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Tohono O'odham Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tohono O'odham Community College's (the Organization) compliance with the types of compliance requirements identified as subject to audit 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, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Windes, Inc.

Long Beach, California
March 20, 2025

TOHONO O'ODHAM COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing	Pass-Through / Agency Number	Federal Expeditures	Passed-Through to Subrecipients
U.S. Department Of Agriculture				
Tribal Colleges Education Equity Grants	10.221	2022-38460-38045	$ 137,185	$ -
Tribal Colleges Education Equity Grants	10.221	2018-38421-28483	791	-
Subtotal for No. 10.221			137,976	-
Tribal Colleges Endowment Program	10.222	2020-38423-06934	128,262	-
Tribal Colleges Extension Programs	10.517	2022-47003-38391	271,918	-
Community Facilities Loans and Grants (cluster)	10.766		54,513	-
Total for U.S. Department of Agriculture			592,669	-
U.S. Department Of Commerce				
Connecting Minority Communities Pilot Program	11.028	04-09-C13027	497,311	-
U.S. Department of Interior				
Indian Self-Determination Contract Support	15.024	A04AAV00020	64,885	-
Assist. to Tribally Controlled Comm. Colleges and Univer.	15.027		213,916	-
COVID-19: Assist. to Tribally Controlled Comm. Colleges and Univer.	15.027	A19AP00112	1,321,651	758,495
Assist. to Tribally Controlled Comm. Colleges and Univer.	15.027	A19AP00112	6,594,404	1,141,492
Subtotal for No. 15.027			8,129,971	1,899,987
Tribally Controlled Community College Endowments	15.028		103,953	-
Total for U.S. Department of Interior			8,298,809	1,899,987
National Endowment for the Humanities				
Promotion of the Humanities Public Programs	45.164	124	24,962	-
National Science Foundation				
STEM Education	47.076	NSF 1759092	432,709	-
Education and Human Resources	47.076	2231194	354,400	-
Total for No. 47.076 and National Science Foundation			787,109	-
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grants	84.007		11,500	-
Federal Pell Grant Program	84.063	P063P125518	2,267,141	-
Subtotal for Student Financial Aid Cluster			2,278,641	-
Higher Education Institutional Aid	84.031T	P031T220028	1,591,165	-
Higher Education Institutional Aid	84.031D	P031D200028	1,027,861	-
Subtotal for No. 84.031			2,619,026	-
COVID -19: Education Stabilization Fund	84.425K	P425K200041	1,114,553	-
Total for U.S. Department of Education			6,012,220	-
U.S. Department of Health and Human Services				
Native American Programs	93.612	90NA8339	149,639	-
Total Expenditures of Federal Awards			**$ 16,362,719**	**$ 1,899,987**

TOHONO O'ODHAM COMMUNITY COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of Tohono O'odham Community College (the Organization) under programs of the federal government for the year ended June 30, 2024. The information in the SEFA is presented in accordance with the 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). Because the SEFA 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.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the SEFA 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.

NOTE 3 – Endowment

The Organization has $103,953 of restricted endowment funds as of June 30, 2024. 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, $103,953 is considered expended and is shown on the SEFA under assistance listing number 15.028, Tribally Controlled Community Colleges Endowments.

NOTE 4 – Indirect Cost Rate

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

TOHONO O'ODHAM COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

The independent auditors' report expresses an unmodified opinion on whether the financial statements of the Organization were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

Material weakness(es) identified? – No

Significant deficiencies identified? – None reported

Noncompliance material to financial statements noted? – No

Federal Awards

Internal control over major programs

Material weakness(es) identified? – No

Significant deficiencies identified? – No

Type of auditors' report issued on compliance for major programs? – Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? – Yes

Identification of major programs: #15.027 Assistance to Tribally Controlled Community Colleges and Universities; #47.076 STEM Education and #84.007, #84.063 Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs was $750,000.

Auditee qualified as low-risk auditee? – No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

TOHONO O'ODHAM COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

The following was considered a significant deficiency in internal control over major programs in the prior year:

2023-001 Special Tests and Provisions: Gramm-Leach-Bliley Act Student Information Security and Compliance

Federal Agency:	U.S. Department of Education (ED)
Program Title:	Federal Supplemental Educational Opportunity Grants, Federal Pell Grant Program
Assistance Listing Numbers:	84.007, 84.063
Criteria	Title IV-eligible institutions are subject to the Gramm-Leach-Bliley Act (the Act). The Act requires financial institutions to explain their information sharing practices to their customers and to safeguard sensitive data. The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as ''financial institutions'' and subject to the Act because they appear to be significantly engaged in wiring funds to consumers. Institutions agree to comply with the Act in their Program Participation Agreement with ED. Institutions must protect student financial aid information, with particular attention to information provided to institutions by ED or otherwise obtained in support of the administration of the federal student financial aid programs. Institutions are required to be in compliance with the Act's requirements by June 9, 2023. Institutions are required to develop, implement, and maintain a written comprehensive information security program that addresses seven required elements, including the design and implementation of several key safeguards. One of these safeguards is the implementation of multi-factor authentication for anyone accessing customer information on the institution's system.
Condition	During the prior auditors testing of special tests and provisions related to the Act, the prior auditors obtained the Organization's written information security program, made inquiries with the Organization's management and qualified individual responsible for overseeing, implementing, and enforcing the Organization's information security program, and noted multi-factor authentication was not implemented for the Organization's general ledger system, Jenzabar, nor its student financial aid software, PowerFAIDS, both of which contain sensitive customer information. In addition, a reasonable equivalent to multi-factor authentication was not implemented. Lastly, the written information security program was not implemented as of June 30, 2023.

2023-001 Special Tests and Provisions: Gramm-Leach-Bliley Act Student Information Security and Compliance (Continued)

Status	No similar finding was noted in the current year.