

# **AANIHH NAKODA COLLEGE, INC.**

## **Basic Financial Statements and Independent Auditors' Reports**



**June 30, 2022**

# Aaniih Nakoda College, Inc.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Aaniiih Nakoda College, Inc.  
Harlem, Montana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Aaniiih Nakoda College, Inc., (the College) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Aaniiih Nakoda College, Inc., as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

#### ***Basis for Opinions***

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, 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 College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## **Report on the Audit of the Financial Statements (continued)**

### ***Auditors' 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 auditors' report that includes our opinions. 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 GAAS 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 GAAS 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 College'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 College'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.

## **Report on the Audit of the Financial Statements (continued)**

### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 5-13 be presented to supplement the financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic 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 28, 2023, on our consideration of the College'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 College'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 College's internal control over financial reporting and compliance.

*Stauff & Associates PLLC*

Liberty Lake, Washington  
March 28, 2023

# Aaniih Nakoda College, Inc.

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## Management's Discussion and Analysis

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This section of the financial report presents Aaniih Nakoda College, Inc. (the College) management's discussion and analysis and a summary of Aaniih Nakoda College, Inc. financial performance during the fiscal year that ended June 30, 2022. Please read it in conjunction with Aaniih Nakoda College, Inc. financial statements, which follow this report.

### *Financial Highlights*

In 2022 and 2021, the College was the recipient of funds under the CARES ACT and American Rescue Plan. We mention this because the funding distorts some of the comparative figures between years. The total assets were \$20.75 million and \$20.45 million for 2022 and 2021, respectively, and net position was \$10.61 million and \$10.76 million for 2022 and 2021, respectively. In 2022, the institution spent \$693,757 on renovating the science labs and creating more office space to allow people to have safe COVID compliant spaces, creating parking spaces across the campus with asphalt surfaces upgrades, improved the radio station equipment so it could broadcast in a digital format rather than analog, and upgraded the playground surface too. All College activities are designed and implemented to provide quality educational programs and services to residents of the Fort Belknap Indian Reservation and surrounding communities.

Expenditures of the College's educational activities were significantly higher than the previous year, \$9.7 million and 7.6 million for 2022 and 2021 as reported in the governmental funds. As discussed previously new grants for the institution resulted in more funds for student assistance via stipends and internships. The classification in the financial statements breaks expenses into categories. Depending upon interpretation it can appear that expenses are higher in one year than the next. Classification analysis between the years can be somewhat misleading. This is not due to any changes within the institution's spending, but rather more appropriate coding of expenditures by employees and funding agency approved budgets. Funding agency approved budgets also tend to skew reports as some funding classify some types of expenditures differently than others. The College's budgets and, accordingly, expenditure reports reflect expenses per funding agency classifications.

**Table 1**  
**Aaniih Nakoda College Net Position**  
**(in millions of dollars)**

	June 30,	
	2022	2021
Current and other assets	\$13.30	\$ 13.03
Capital assets	7.44	7.42
Total assets	20.75	20.45
Current liabilities	10.08	9.62
Long-term liabilities	0.06	0.07
Total liabilities	10.14	9.69
Net position	\$10.61	\$ 10.76

## Management's Discussion and Analysis

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### *Financial Highlights (continued)*

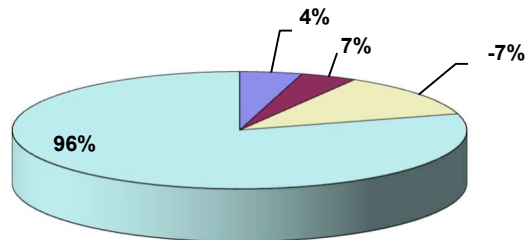
- Grant revenues continue to have a major impact on the College's educational growth. The institution has always received most of its funds via grants from private, state, and federal foundations/agencies. There were not many new awards this current year aside from the COVID-19 funds. The Bureau of Indian Education and Department of Education awarded over \$14 million to Aaniiih Nakoda College from different COVID sources appropriated in Congress.
- Revenues from federal grants and contracts were \$8.5 million for FY 2022 compared to \$6.4 million in FY 2021, an increase from the previous year. Expenses, excluding capital outlay were steady, \$9.1 million in 2022 and \$7.6 million in FY2021. Grants, appropriations, and contracts continue to provide the bulk of support for the institution, 89%; tuition and fees and bookstore, 4%; indirect cost reimbursement, 7%; and miscellaneous 2% (see pie chart on next page). Several ongoing issues are consistent problems with revenue generation. One is the lack of indirect cost recovery. The indirect cost rate approved by the cognizant agency is 44% of salary and fringe. If all funds paid into indirect cost recovery, there should be collections in excess of \$1.6 million. Instead, we collected about 22% of that because few grants or contracts provide indirect cost support. The unrestricted funds of the institution subsidize programs that under-recover, which explains the need to use savings to cash flow the institution. As costs of the institution increase (energy, transportation, space, salaries/fringe, health insurance), the impact becomes increasingly adverse in terms of the College's ability to continue to keep costs contained, tuition and fees reasonable, and maintain core staff and recruit students. It is ironic that the primary source of funding is government funds, yet the funding agencies refuse to honor an administrative effort rate, established by the self-same governments and allow funding for rate. Another significant problem for the College, is the rapidly increasing operational energy costs, for buildings – heat and utilities, transportation, and no real increases in core funding. In a rural location such as Fort Belknap, almost everyone, students, staff, and faculty travel a significant distance. The last expense is that of offering programs themselves. Several curriculums have significant costs, which had been subsidized by funding opportunities. The increase in these costs impact the College's ability to engage new students and attract new faculty.

## Management's Discussion and Analysis

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### *Financial Highlights (continued)*

Revenue Summary by Source



■ Tuition and Fees ■ Indirect Cost Reimbursement □ Miscellaneous □ Institution

- Despite the small size of the College and its rural location, the College, via grants, provides a number of unique opportunities for not only students but staff as well. By means of a small allocation in a grant, Department of Education Title III funds, staff are receiving assistance to complete master and doctorate degrees in their fields of expertise. The COVID funds provided funding that allowed for the institution to offer online courses, update classrooms for online courses, and provided funds for students to participate in online courses with computers, internet, and data plan subsidies. For its size there is a substantial amount of financial aid for its students. Focusing on its mission statement, the College is reviewing its complete curriculum offerings, revising many programs to address specific needs of the area and incorporate some of the pertinent cultural aspects of the Aaniiih Nakoda tribes. It is important that the indigenous lifeways of the respective tribes are maintained in curriculum and culture at the institution. The College has on its campus a native language immersion school in which area children are taught in their native language. The grades taught for the cohort groups were first, second, third, fifth, and sixth grades.
- The College operates one of two Native public service radio stations in Montana. Funds for the radio station operations are from the Corporation for Public Broadcasting (CPB) and the College's unrestricted operating funds. In order to receive these funds, CPB requires the College to present an audit report of the radio station operations. As such, this fund is separated in presentation to comply with this request. Normally the College also has a hard dollar subsidy but because of a significant donation by CPB for operations in 2021 and not expended completely in 2021 or 2022, it was not necessary.
- The College has no long-term debt and has no plans to enter into any long-term debt agreements.



## Management's Discussion and Analysis

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### *Financial Highlights (continued)*

- The College maintains a 401(k) retirement program for its entire permanent staff. The College contributes 5% of gross wages to the employee's fund. The College's contribution in 2022 was \$134,316. Staff contributed \$67,971 in addition to their accounts in 2022. The fund is self-directed and vests with permanent employment status. Other than mandatory obligations, an additional fringe benefit is health insurance coverage for the employee. The College pays 100% of the employees premium as well as the \$4,500 deductible. There is an optional plan with a lower deductible but the employee must pay 20% of the premium.

This annual report consists of four parts:

- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to Basic Financial Statements
- Single Audit

### *Overview of Financial Statements*

Aaniiih Nakoda College, Inc., is a general-purpose institution of higher education, and as required by U.S. generally accepted accounting principles, these financial statements describe the entire College. It has no component units.

The basic financial statements include two kinds of statements. The statement of net position and the statement of activities are financial statements that provide both long-term and short-term information about the College's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the College and report operations in detail.

The financial statements also include notes that explain some of the information in greater detail.

Financial statements present details that we feel may better explain some of the numbers included in these statements.

# Aaniiih Nakoda College, Inc.

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## Management's Discussion and Analysis

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### *Overview of Financial Statements (continued)*

The table below summarizes the College's financial statements methodology and processes.

	<b>Aaniiih Nakoda College- Wide Statements</b>	<b>Governmental Funds</b>
Scope	Entire Primary institution of Aaniiih Nakoda College	Activities that are not proprietary or fiduciary
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that are due during the year or soon thereafter, no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and other liabilities when due and payable

# Aaniiih Nakoda College, Inc.

## Management's Discussion and Analysis

### *Aaniiih Nakoda College-wide Statements*

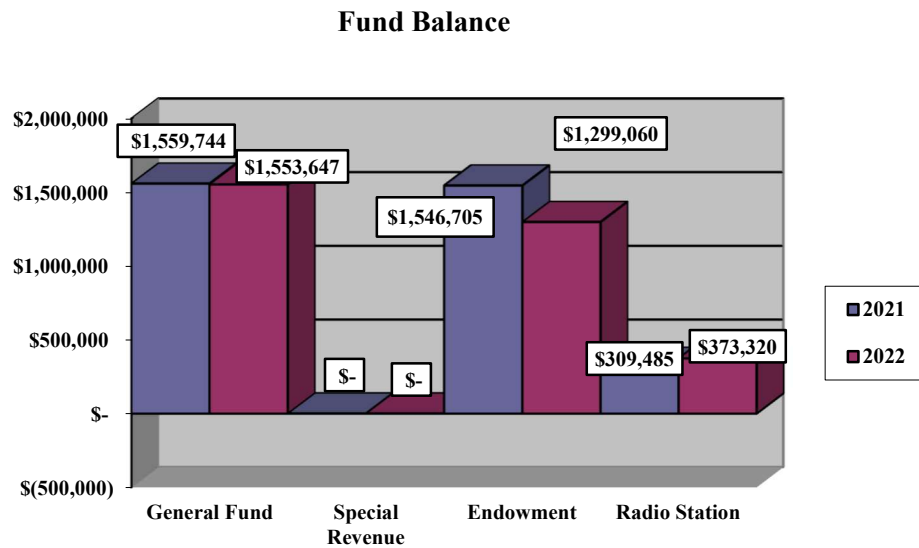
The College-wide financial statements are designed to provide readers with a broad overview of the College's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position serve as useful indicators of whether the financial position of the College is improving or deteriorating.

The statement of activities presents information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement, for some items that will only result in cash flows in future fiscal periods.

In the statement of net position and the statement of activities, the College participates in providing educational activities which include basic services such as instructional, student services, academic support, institutional support, public service, and research. These activities are financed primarily through federal, state and private grants, federal appropriations, and tuition and fees.

### *Fund Financial Statements*



# Aaniiih Nakoda College, Inc.

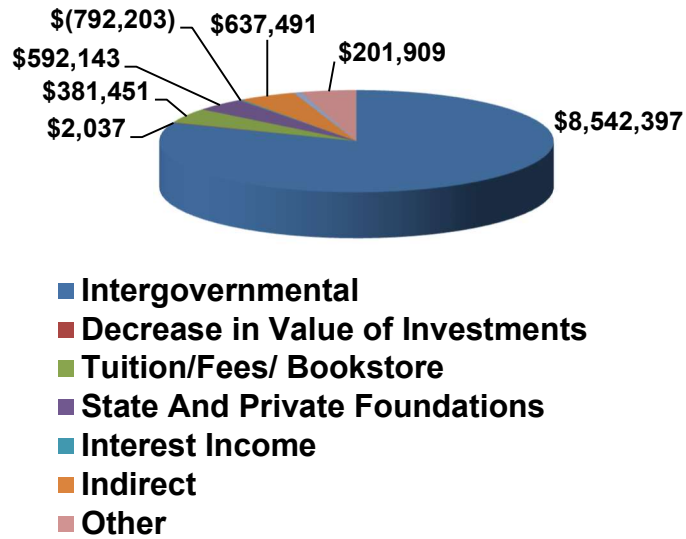
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## Management's Discussion and Analysis

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### *Fund Financial Statements (continued)*

*The College has the following revenue sources:*



## Management's Discussion and Analysis

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### *Capital Assets*

At the end of June 30, 2022, the College had \$7.4 million invested in capital assets, including buildings, land and building improvements, equipment, vehicles and artwork. The table below presents the changes in the net capital assets compared to prior year.

**Table 2**  
**Capital Assets, Net at Year End**  
**(in millions of dollars)**  
**Governmental Activities**

	June 30,	
	2022	2021
Capital assets		
Buildings	\$ 10.96	\$ 10.86
Land improvements	1.12	0.68
Software	0.02	0.02
Equipment	3.05	2.94
Vehicles	0.61	0.57
Total capital assets	<u>15.76</u>	<u>15.07</u>
Less accumulated depreciation		
Buildings	(4.77)	(4.43)
Land improvements	(0.52)	(0.44)
Software	(0.01)	(0.01)
Equipment	(2.57)	(2.38)
Vehicles	(0.45)	(0.40)
Total accumulated depreciation	<u>(8.32)</u>	<u>(7.66)</u>
Investment in capital assets	<u>\$ 7.44</u>	<u>\$ 7.41</u>

## **Management's Discussion and Analysis**

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### ***Contacting Aaniiih Nakoda College, Inc. Financial Management***

This financial report is designed to provide all readers, including funding agencies and private foundation donors, with a general overview of Aaniiih Nakoda College, Inc. finances and demonstrate Aaniiih Nakoda College, Inc. accountability for the money it receives. The College takes pride in its designation as a "low risk auditee" and believes it illustrates its commitment to accountability. For questions, Aaniiih Nakoda College, Inc.'s Comptroller can be reached at the administrative offices of Aaniiih Nakoda College, Inc.

# Aaniih Nakoda College, Inc.

## Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,702,081
Investments	4,969,189
Receivables	
Accounts, net of allowances for uncollectible accounts	10,293
Intergovernmental	1,038,405
Inventories	140,196
Prepays	143,029
Capital assets, net of accumulated depreciation	7,444,646
Restricted	
Cash and cash equivalents	25,170
Investments	1,273,890
Total Assets	<u>20,746,899</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	75,410
Unearned revenue	10,000,816
Long-term liabilities	
Compensated absences	60,968
Total Liabilities	<u>10,137,194</u>
<b>Net Position</b>	
Investment in capital assets	7,444,646
Restricted	
Expendable	310,538
Nonexpendable	988,522
Unrestricted	1,865,999
Total Net Position	<u>\$ 10,609,705</u>

See accompanying independent auditors' report and notes to basic financial statements.

**Aaniiih Nakoda College, Inc.**

**Statement of Activities**

**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government</b>					
Governmental Activities					
Instruction	\$ 2,146,689	\$ 304,828	\$ 1,379,699	\$ -	\$ (462,162)
Research	446,790	-	446,790	-	-
Public service	211,206	-	211,206	-	-
Community services	300,623	-	-	-	(300,623)
Academic support	368,807	-	368,807	-	-
Student services	1,689,288	-	1,700,863	-	11,575
Institutional support	1,866,856	-	3,640,257	-	1,773,401
Scholarships and fellowships	1,162,714	-	1,162,714	-	-
Auxiliary enterprises	224,204	76,623	224,204	-	76,623
Unallocated depreciation	667,203	-	-	-	(667,203)
Total Governmental Activities	<u>\$ 9,084,380</u>	<u>\$ 381,451</u>	<u>\$ 9,134,540</u>	<u>\$ -</u>	<u>431,611</u>
General Revenues					
Investment income					
Interest income					2,037
Net decrease in the fair value of investments					(792,203)
Other					201,909
Total General Revenues					<u>(588,257)</u>
Change in Net Position					(156,646)
Net Position, Beginning of Year					<u>10,766,351</u>
Net Position, End of Year					<u>\$ 10,609,705</u>

See accompanying independent auditors' report and notes to basic financial statements.



**Balance Sheet-Governmental Funds**

**June 30, 2022**

	General Fund	Special Revenue	Radio Station	Endowment	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 4,810,391	\$ 515,845	\$ 375,845	\$ -	\$ 5,702,081
Investments	3,963,047	1,006,142	-	-	4,969,189
Receivables					
Accounts, net of allowances for uncollectible accounts	10,293	-	-	-	10,293
Intergovernmental	-	1,038,405	-	-	1,038,405
Prepays	143,029	-	-	-	143,029
Inventories	140,196	-	-	-	140,196
Due from other funds	1,006,142	-	-	-	1,006,142
Restricted					
Cash and cash equivalents	-	-	-	25,170	25,170
Investments	-	-	-	1,273,890	1,273,890
Total Assets	<u>\$ 10,073,098</u>	<u>\$ 2,560,392</u>	<u>\$ 375,845</u>	<u>\$ 1,299,060</u>	<u>\$ 14,308,395</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 40,622	\$ 32,263	\$ 2,525	\$ -	\$ 75,410
Due from other funds	-	1,006,142	-	-	1,006,142
Unearned revenue	8,478,829	1,521,987	-	-	10,000,816
Total Liabilities	<u>8,519,451</u>	<u>2,560,392</u>	<u>2,525</u>	<u>-</u>	<u>11,082,368</u>
<b>Fund Balance</b>					
Nonspendable	283,225	-	-	-	283,225
Restricted	-	-	-	1,299,060	1,299,060
Assigned - radio station	-	-	373,320	-	373,320
Unassigned	1,270,422	-	-	-	1,270,422
Total Fund Balances	<u>1,553,647</u>	<u>-</u>	<u>373,320</u>	<u>1,299,060</u>	<u>3,226,027</u>
Total Liabilities and Fund Balances	<u>\$ 10,073,098</u>	<u>\$ 2,560,392</u>	<u>\$ 375,845</u>	<u>\$ 1,299,060</u>	

Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

7,444,646

Some liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

(60,968)

Net Position of Governmental Activities

\$ 10,609,705

See accompanying independent auditors' report and notes to basic financial statements.

**Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds**

**Year Ended June 30, 2022**

	General Fund	Special Revenue	Radio Station	Endowment	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental	\$ 1,312,323	\$ 7,230,074	\$ -	\$ -	\$ 8,542,397
State and private foundation	120,373	471,770	-	-	592,143
Tuition/fees/bookstore	381,451	-	-	-	381,451
Indirect revenue	637,491	-	-	-	637,491
Investment income					
Interest income	2,037	-	-	-	2,037
Net decrease in the fair value of investments	(544,558)	-	-	(247,645)	(792,203)
Other	16,379	1,050	184,480	-	201,909
Total Revenues	<u>1,925,496</u>	<u>7,702,894</u>	<u>184,480</u>	<u>(247,645)</u>	<u>9,565,225</u>
<b>Expenditures</b>					
Current					
Instruction	200,355	1,953,062	-	-	2,153,417
Research	-	446,790	-	-	446,790
Public service	-	211,206	-	-	211,206
Community services	179,978	-	120,645	-	300,623
Academic support	31,416	337,391	-	-	368,807
Student services	274,073	1,415,215	-	-	1,689,288
Institutional support	1,013,986	852,870	-	-	1,866,856
Scholarships and fellowships	-	1,162,714	-	-	1,162,714
Auxiliary enterprises	224,204	-	-	-	224,204
Indirect	-	637,491	-	-	637,491
Capital outlay	-	693,736	-	-	693,736
Total Expenditures	<u>1,924,012</u>	<u>7,710,475</u>	<u>120,645</u>	<u>-</u>	<u>9,755,132</u>
Excess of Revenues Over (Under) Expenditures	<u>1,484</u>	<u>(7,581)</u>	<u>63,835</u>	<u>(247,645)</u>	<u>(189,907)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	7,581	-	-	7,581
Transfers out	(7,581)	-	-	-	(7,581)
Total Other Financing Sources (Uses)	<u>(7,581)</u>	<u>7,581</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(6,097)	-	63,835	(247,645)	(189,907)
Fund Balances, Beginning of Year	<u>1,559,744</u>	<u>-</u>	<u>309,485</u>	<u>1,546,705</u>	<u>3,415,934</u>
Fund Balances, End of Year	<u>\$ 1,553,647</u>	<u>\$ -</u>	<u>\$ 373,320</u>	<u>\$ 1,299,060</u>	<u>\$ 3,226,027</u>

See accompanying independent auditors' report and notes to basic financial statements.

**Aaniiih Nakoda College, Inc.**

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**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2022**

**Net Change in Fund Balances - Governmental Funds** \$ (189,907)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, those assets are allocated over their estimated useful lives as depreciation expense. In the current period, the cost of these amounts are:

Capital outlay	\$ 693,736	
Depreciation expense	<u>(667,203)</u>	26,533

Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred. This is the amount by which accrued annual leave decreased from the prior year, which represents a future obligation of the College.

6,728

**Change in Net Position of Governmental Activities**

\$ (156,646)

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See accompanying independent auditors' report and notes to basic financial statements.

# Aaniiih Nakoda College, Inc.

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## Notes to Basic Financial Statements

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### ***NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:***

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The financial statements of Aaniiih Nakoda College, Inc., (the College) have been prepared in conformity with U.S. generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements have been prepared in accordance with the reporting model defined by GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB Statement 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, established accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement 34.

The following notes to the financial statements are an integral part of the College’s financial statements.

#### **Organization**

The College is located in north central Montana. It is a governmental not-for-profit organization Tribally chartered by the Fort Belknap Community Council in 1983. The College was incorporated in the state of Montana in 1985. The College is governed by a Board of Directors (Board) elected by the members of the Fort Belknap Indian Community and follows U.S. generally accepted accounting principles established by GASB in its accounting and financial reporting. The College was formed for the following purposes:

- To provide post-secondary educational opportunities for the residents of the Fort Belknap Indian Community in the following areas: vocational training, college transfer programs, occupational training, community services, and Indian culture and history.
- To measure the needs, talents, and aspirations of the Fort Belknap Indian Community and to provide a comprehensive educational program in recognition of the desires of the Fort Belknap Indian Reservation.
- To conduct such research and development activities as deemed necessary to promote post-secondary educational opportunities on the Fort Belknap Indian Reservation.
- To provide the leadership and training for the economic development needs of the Fort Belknap Indian Community.

## Notes to Basic Financial Statements

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

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#### **Summary of Significant Accounting Policies**

Significant features of the governmental financial reporting model include requirements for college-wide financial statements, management's discussion and analysis (presented as required supplementary information), and reporting of infrastructure such as roads, bridges, and water systems. The College has no significant infrastructure.

#### Reporting Entity

As required by U.S. generally accepted accounting principles these financial statements present the financial activities of the College and its component units, entities for which the College is considered to be financially accountable. Blended component units, although legally separate entities would be, in substance, part of the College's operations and so data from these units would be combined with data of the College. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government. At June 30, 2022, there were no blended or discretely presented component units or fiduciary funds related to the College and, thus, there were no such component units included in the College's financial statements.

#### Basis of Presentation

*Basic Financial Statements* – Include the College-wide and fund financial statements. Focus is on the College as a whole in the College-wide financial statements, while reporting additional and detailed information about the College's major governmental funds in the fund financial statements.

*College-wide Financial Statements* – The College-wide statement of net position and statement of activities display information about the College. These statements include the financial activities of the overall College. Eliminations have been made to minimize the double counting of internal activities.

College activities are financed primarily through federal funding.

The College-wide statement of activities reflects the cost of programs and functions (instruction, research, public service, etc.) reduced by directly associated revenues (charges for services and operating and capital grants) to arrive at the net revenue or expense for each program and function. Net program revenue or expenses for governmental activities are then adjusted for general revenues to determine the change in net position for the year. Indirect expenses such as support services and administration incurred in the general government and other functions/activities are not allocated to programs/functions that they may benefit. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

## Notes to Basic Financial Statements

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

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#### **Summary of Significant Accounting Policies (continued)**

##### Basis of Presentation (continued)

*Fund Financial Statements* – Provide information about the College’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

*Governmental Fund Types* – Governmental funds are used to account for the College’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). During the year ended June 30, 2022, capital project funds and debt service funds were not utilized.

The College reports the following major governmental funds:

*General Fund* – The general fund is used to account for the financial and operational services of the College. The fund’s revenues consist primarily of federal funds. Other revenue sources are tuition and fees as well as indirect cost reimbursement revenues.

*Special Revenue Fund* – This program provides for the various programs operated by the College for the benefit of its students and community funded by federal, state, and private organizations.

*Radio Station Fund* – An additional special revenue fund, this fund accounts for the operations of the College’s radio station.

*Endowment Fund* – This fund accounts for both federal and college funds established for the continuation and future growth of the College.

##### Basis of Accounting

The College-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. A one-year availability period is used for revenue recognition for all governmental fund revenues (the College does not assess or collect *ad valorem* taxes). Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

## Notes to Basic Financial Statements

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

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#### **Summary of Significant Accounting Policies (continued)**

##### Basis of Accounting (continued)

The College reports unearned revenues when they exist. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the College before it has legal claim to them, for example, when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met, or when the College has a legal claim to the resources, unearned revenue is removed from its liabilities and revenue is recognized.

The effect of interfund activity has been eliminated from the College-wide financial statements.

*Budgets* – The College is not legally required to, and does not, adopt an annual budget for its general fund. The College does, however, utilize program budgets for special revenue funds. These budgets are established within the grant or contract documents. The total amount of the award is approved by the contracting officer.

Because the adoption of an annual budget is not mandated by law and because some programs are not budgeted on the same fiscal year as the College, a statement of revenues, expenditures, and changes in fund balance (budget to actual) at June 30, 2022, as required by U.S. generally accepted accounting principles, would be misleading. As a result, such a statement is not included herein.

*Cash and Cash Equivalents* – Cash and cash equivalents include all readily available sources of cash such as cash on hand, cash on deposit with financial institutions, and highly liquid short-term investments.

*Investments* – All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owns such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

*Receivables* – Accounts receivable are stated at estimated net realizable values; that is, the gross amount of the receivables is reduced by allowances for estimated uncollectible accounts of \$426,476 in the general fund. These receivables represent charges due to the College from various student fees and other charges.

Intergovernmental consists mainly of unreimbursed expenses relating to grants from federal, state, and private agencies. No allowance for uncollectible restricted current fund accounts receivable has been provided, as management believes all such receivables will be collected.

# Aaniiih Nakoda College, Inc.

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## Notes to Basic Financial Statements

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

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#### **Summary of Significant Accounting Policies (continued)**

##### Basis of Accounting (continued)

*Inventories* – Inventories are stated at cost on a first-in, first-out basis.

*Prepaid Expenses* – Payments made on insurance policies that will cover periods beyond June 30, 2022.

*Capital Assets* – Capital assets consisting of buildings, furniture, fixtures, equipment, and improvements, are stated at cost or estimated cost at the date of the “gift”. It is the policy of the College to capitalize all capital expenditures over \$5,000.

The useful lives of the capital assets are as follows:

Buildings	10-40 years
Furniture and equipment	3-15 years
Vehicles	5-10 years

Depreciation is provided using the straight-line method over estimated useful lives.

*Compensated Absences* – It is the College’s policy to permit employees to accumulate earned but unused personal leave. A liability is reported for unpaid accumulated personal leave. Personal leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

*Net Position* – The College-wide financial statements utilize a net position presentation. Net position is categorized as follows:

- Investment in capital assets – This category reflects the portion of net position that is associated with capital assets net of accumulated depreciation and outstanding capital assets related debt. The College reports \$7,444,646 in investments in capital assets at June 30, 2022.
- Restricted – This category reflects net position of the College subject to external restrictions.
- Unrestricted – This category reflects the portion of net position of the College that is not restricted or invested in capital assets.



## Notes to Basic Financial Statements

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

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#### **Summary of Significant Accounting Policies (continued)**

##### Basis of Accounting (continued)

*Fund Balance Classification* – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the College is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable** — This classification includes amounts that cannot be spent because they are either (a) not in spendable form, for example prepaids and inventories, or (b) legally or contractually required to be maintained intact.
- **Restricted** — This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments), or (b) imposed by law through constitutional provisions, or enabling legislation.
- **Committed** — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the College’s highest level of decision-making authority. The Board is the highest level of decision-making authority for the College that can, by adoption of a resolution, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove the limitation.
- **Assigned** — This classification includes amounts that are constrained by the College’s intent to be used for a specific purpose, but are neither restricted nor committed and should be reported as assigned fund balance. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned** — This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

It is the College’s policy to first use restricted resources and then unrestricted resources as needed. When unrestricted resources are available for use, it is the College’s policy to use resources in the following order; first committed, then assigned, and finally unassigned.

**Notes to Basic Financial Statements**

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**NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued):**

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**Summary of Significant Accounting Policies (continued)**

New Accounting Pronouncements

GASB Statement No. 87 of the Governmental Accounting Standards Board, *Leases* (GASBS 87), released in June 2017 and was initially effective for reporting periods beginning after December 15, 2019. However, on May 8, 2020, GASB issued Statement No. 95. Statement 95 postponed by 18 months the effective date of GASBS 87. GASBS 87 fundamentally changes the accounting and financial reporting for leases by government. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principles that leases are financings of the right to use an underlying asset. Statement 87 will require the College to recognize a lease liability and an intangible right-to-use lease asset for all its leasing activities. The College implemented GASBS 87 during the fiscal year and there was no impact to the College's report.

The following accounting pronouncements have been issued, but not yet implemented by the College:

- GASB Statement No. 91, *Conduit Debt Obligations*.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

The College will implement the new GASB pronouncements, as applicable, in the fiscal year no later than the required effective date. Management is evaluating the impact of these GASB pronouncements on the College's financial statements.

# Aaniiih Nakoda College, Inc.

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## Notes to Basic Financial Statements

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### **NOTE 2 — CASH, AND CASH EQUIVALENTS:**

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#### **Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the College's deposits may not be returned to it. The College does not have a written policy to address custodial credit risk. At June 30, 2022, the carrying amount of the College's cash and cash equivalents was \$5,727,251 (including restricted cash) and the bank balance was \$5,946,675. Of the bank balance, \$813,920 was covered by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation, \$2,500,452 was insured cash in the investment account, \$2,522,866 is collateralized by securities pledged in the College's name, and the remaining \$109,437 is uninsured and uncollateralized.

#### **Restricted Assets**

Cash and investments of the endowment fund are classified as restricted assets on the balance sheet because their use is limited by the agreement with the funding agency and they are maintained in separate bank accounts.

The Endowment fund's cash and investments at June 30, 2022, are restricted as follows:

Restricted Cash:	
Money market	\$ 25,170
Total restricted cash	<u>25,170</u>
Restricted Investments:	
Mixed mutual funds	424,786
Equity mutual funds	<u>849,104</u>
Total restricted investments	<u>1,273,890</u>
 Total restricted assets	 <u>\$ 1,299,060</u>

#### **Investments**

The College has implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as described below.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# Aaniiih Nakoda College, Inc.

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## Notes to Basic Financial Statements

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### *NOTE 2 — CASH, AND CASH EQUIVALENTS (continued):*

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#### **Investments (continued)**

As of June 30, 2022, the College had the following investments:

Investment Type	Fair Value	Level		
		1	2	3
Mixed mutual funds	\$ 4,048,310	\$ 4,048,310	\$ -	\$ -
Equity mutual funds	1,696,689	1,696,689	-	-
	5,744,999	\$ 5,744,999	\$ -	\$ -
Certificates of deposit	498,080			
Total Investments	\$ 6,243,079			

Investments are stated at fair value. Fair value for reporting purposes is market value if a market price or quote is readily available. Investments that do not have readily available market prices or quotes are reported at cost or amortized cost. These investments are held by a financial institution in the name of the College.

#### Interest Rate Risk

Interest rate risk on fixed income investments is the risk that in the event of a significant increase in interest rates, the College's investments could drop significantly in value. As a means of limiting exposure to fair value losses arising from rising interest rates, the College diversifies the investment portfolio so that potential losses on individual securities will be minimized. The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

<u>Fund</u>	<u>Weighted Average Maturity (Years)</u>
Mixed mutual funds	6.15

#### Concentration of Credit Risk

Concentration of credit risk on investments is the risk of loss due to the concentration of investments in a single issuer. GASB Statement No. 40 requires governments to disclose any investments in a single issuer exceeding 5% of the government's total investments. The College did not have any concentrations to disclose, nor does it have a formal investment policy addressing concentrations.

# Aaniiih Nakoda College, Inc.

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## Notes to Basic Financial Statements

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### *NOTE 2 — CASH, AND CASH EQUIVALENTS (continued):*

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#### **Investments (continued)**

##### Credit Risk

Credit risks 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 (Standard and Poor's or Moody's Investor Service).

<u>Rating</u>	<u>Investment Type</u>	<u>Amount</u>
AAA	Mixed mutual funds	\$ 751,461
Other	Mixed mutual funds	<u>3,048,395</u>
		<u>\$ 3,799,856</u>

The balance in the table above will not agree with the Mixed Mutual Funds in the Fair Market Value table due to some accounts being cash. The College has not adopted a formal investment policy to address credit risk.

#### **Endowment**

For the year ended June 30, 2022, the net loss on investments of donor-restricted endowments was \$247,645 and is reflected in the net position and fund balance reported amounts. Under the terms of the endowment awards, earnings on the invested endowment funds may be used to defray expenditures associated with the operation of the College, including maintenance, administration, academic and support costs, and community and student services programs. No part of the net earnings of the endowment trust may be used to benefit any private person. The College is in compliance with the conditions and requirements of the Tribally Controlled College program of the U.S. Department of the Interior. Required matching contributions from the College have been provided and the endowment fund balance is in excess of the matching requirements.

# Aaniiih Nakoda College, Inc.

## Notes to Basic Financial Statements

### NOTE 3 — CAPITAL ASSETS:

Major classifications of property and equipment cost at June 30, 2022, are as follows:

	June 30, 2021	Additions	June 30, 2022
Capital assets being depreciated			
Buildings	\$ 10,856,801	\$ 105,689	\$ 10,962,490
Land improvements	678,625	436,628	1,115,253
Software	23,570	-	23,570
Equipment	2,936,341	110,417	3,046,758
Vehicles	570,162	41,002	611,164
Total assets being depreciated	<u>15,065,499</u>	<u>693,736</u>	<u>15,759,235</u>
Less accumulated depreciation			
Buildings	(4,425,330)	(341,153)	(4,766,483)
Land improvements	(438,435)	(78,510)	(516,945)
Software	(5,694)	(5,952)	(11,646)
Equipment	(2,384,515)	(188,322)	(2,572,837)
Vehicles	(400,792)	(53,266)	(454,058)
Total accumulated depreciation	<u>(7,654,766)</u>	<u>(667,203)</u>	<u>(8,321,969)</u>
Capital assets not being depreciated			
Artwork	7,380	-	7,380
Total capital assets being depreciated, net	<u>\$ 7,418,113</u>	<u>\$ 26,533</u>	<u>\$ 7,444,646</u>

### NOTE 4 – INTERGOVERNMENTAL RECEIVABLE AND UNEARNED REVENUE:

Amounts recorded as unearned revenue represent funds received from awards in excess of expenditures incurred. Amounts recorded as intergovernmental receivable represent those awards with allowable expenditures in excess of amounts received. The net receivable and unearned revenue at June 30, 2022, are summarized below:

Agency	Intergovernmental Receivable	Unearned Revenue
U.S. Department of Education	\$ 437,466	\$ 217,666
U.S. Department of the Interior	-	8,478,829
National Endowment for the Arts and Humanities	40,830	21,562
U.S. Department of Health & Human Services	23,904	136,867
National Science Foundation	247,461	16,718
U.S. Department of Agriculture	287,371	229,533
Nonfederal programs (Private and State)	<u>1,373</u>	<u>899,641</u>
<b>Total Federal and Nonfederal Programs</b>	<u>\$ 1,038,405</u>	<u>\$ 10,000,816</u>

# Aaniiih Nakoda College, Inc.

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## Notes to Basic Financial Statements

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### **NOTE 5 — COMPENSATED ABSENCES:**

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Nonacademic appointment employees accrue personal leave in accordance with the terms of the College's Personnel and Policy Manual. Eligible employees accrue four hours of personal leave each pay period increasing to six hours of leave per pay period after three years of full-time employment. The College's policy limits personal leave accumulation to a maximum of 156 hours. Employees who terminate their employment are paid for all the accumulated personal leave, up to the maximum.

The College recognizes a liability for compensated absences. The liability of \$60,968 is based on the value of the unused personal leave time as of June 30, 2022, including the associated benefits: contributions to defined contribution pension plan, Social Security, Medicare, and unemployment insurance.

A summary of changes in the College's liability for accrued compensated absences during the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Increase	Decrease	Balance June 30, 2022	Amount Due Within One Year
<i>Governmental Activities:</i>					
Compensated absences	\$ 67,696	\$ 27,622	\$ (34,350)	\$ 60,968	\$ -
Total long-term liabilities	<u>\$ 67,696</u>	<u>\$ 27,622</u>	<u>\$ (34,350)</u>	<u>\$ 60,968</u>	<u>\$ -</u>

### **NOTE 6 — RELATED-PARTY TRANSACTIONS:**

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The College enters into various noncash transactions with the Fort Belknap Indian Community. The College and the Fort Belknap Indian Community have entered into a long-term lease agreement for the land on which the College's facilities are located. The lease is for 20 years with the College's annual lease payments being \$1. In addition to the land lease, the College uses a Tribal facility (Radio Station) on a rent-free basis. The transaction is not documented by a lease agreement.

Interfund balances for pooled cash are as follows:

Governmental Funds	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,006,142	\$ -
Special Revenue	<u>-</u>	<u>1,006,142</u>
	<u>\$ 1,006,142</u>	<u>\$ 1,006,142</u>

# Aaniiih Nakoda College, Inc.

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## Notes to Basic Financial Statements

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### **NOTE 6 — RELATED-PARTY TRANSACTIONS (continued):**

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Interfund transfers for removing an old accounts receivable balance are as follows:

<u>Governmental Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 7,581
Special Revenue	<u>7,581</u>	<u>-</u>
	<u>\$ 7,581</u>	<u>\$ 7,581</u>

### **NOTE 7 — CLAIMS AND CONTINGENCIES:**

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The College is subject to claims and lawsuits which arise primarily in the ordinary course of operations. The College does not anticipate any losses with respect to such existing or pending claims at June 30, 2022.

### **NOTE 8 — RISK MANAGEMENT:**

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The College faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e., errors and omissions), environmental damage, workers' compensation, and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risk of loss except for relatively small deductible amounts, are purchased for property and content damage of professional liabilities.

Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. Settled claims resulting from these risks did not exceed commercial insurance coverage for each of the past three years.

### **NOTE 9 — INCOME TAXES:**

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The College is exempt from federal income taxes except for tax on unrelated business income. The College had no significant unrelated business income during the fiscal year ended June 30, 2022. Accordingly, no provision for income taxes is made in the financial statements.



# Aaniiih Nakoda College, Inc.

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## Notes to Basic Financial Statements

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### **NOTE 10 — PENSION PLAN:**

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Employees of the College qualify for participation in the Aaniiih Nakoda College, Inc. Retirement Plan (the Plan), a defined contribution pension plan, administered by Aaniiih Nakoda College, Inc. Important provisions of the Plan are:

- All permanent employees at the age of 21 are eligible for the Plan.
- Contributions to the Plan are determined on a per-pay-period basis based on an individual's gross wages (2 percent profit sharing and an employee match up to 3 percent based on the employee's participation).
- Benefits are fully vested at all times, and are not subject to forfeiture.

The Plan operates under provisions of the Plan document approved and adopted by the Board. Amendments to the plan provisions must be approved by a majority of the Board. The plan is not considered a fiduciary activity subject to the provisions of GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and is not included in the College's financial statements. For the year ended June 30, 2022, the employer expenses/expenditures were \$134,316 and employee contributions were \$67,971 to the Plan. There were no forfeitures or liability as of June 30, 2022.

### **NOTE 11 — RESTRICTED NET POSITION:**

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The restricted net position at June 30, 2022, was \$1,299,060, which consisted of the endowment fund. The interest earned from this fund can be used for operations, while the endowment fund corpus may not be utilized.

## **SINGLE AUDIT**

## **AUDITORS' SECTION**



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*

Board of Directors  
Aaniiih Nakoda College, Inc.  
Harlem, Montana

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Aaniiih Nakoda College, Inc., (the College) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 28, 2023.

**Report on Internal Control Over Financial Reporting**

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

*Stauffer & Associates PLLC*

Liberty Lake, Washington  
March 28, 2023



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

Board of Directors  
Aaniiih Nakoda College, Inc.  
Harlem, Montana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Aaniiih Nakoda College, Inc.'s (the College) 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 College's major federal programs for the year ended June 30, 2022. The College'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, Aaniiih Nakoda College, Inc., 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 College's compliance with the compliance requirements referred to above.



## **Report on Compliance for Each Major Federal Program (continued)**

### ***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 College'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 College'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 GAAS, *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 for 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 College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 College'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 College'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 College'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 have not been 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.

*Stauff & Associates PLLC*

Liberty Lake, Washington  
March 28, 2023



**Section I — Summary of Auditors' Results**

**FINANCIAL STATEMENTS:**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**FEDERAL AWARDS:**

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Type of auditors' report issued on compliance for major federal programs:

*Unmodified*

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

yes  no

**Section I — Summary of Auditors' Results (continued)**

**FEDERAL AWARDS (continued):**

Identification of major federal programs:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.031	Higher Education Institutional Aid (Title III)
84.425E	COVID-19 - HEERF – CARES – Students
84.425F	COVID-19 - HEERF – CARES – Institution
84.425K	COVID-19 - HEERF – CARES – MSI

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

Auditee qualified as low-risk auditee?  yes  no

**Section II — Financial Statement Findings**

*No matters were reported.*

**Section III — Federal Awards Findings and Questioned Costs**

*No matters were reported.*

**AUDITEE'S SECTION**

**Aaniih Nakoda College, Inc.**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2022**

Program Number	Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Award Period	Passed Through to Subrecipients	Expenditures	
<b>National Science Foundation:</b>							
<i>Research and Development Cluster</i>							
Direct Program:							
656/657/658/659	NSF ICE TH year 1 & 2&3&4	47.076	HRD-1660424	09/01/17-08/31/22	\$ -	\$ 507,966	
711/713/714/715/716	Water Center	47.076	HRD-1839859	09/15/18-08/31/23	-	551,460	
725/726/727	TCUP-TSIP	47.076	HRD-1663753	07/01/17-06/30/21	46,742	107,276	
751	NSF TEAC Buffalo	47.076	HRD-1660424	09/01/17-08/31/22	-	313,056	
754	NSF Phonetics	47.076	HRD-1660424	09/01/17-08/31/22	-	7,714	
755	NSF TSIP CURE	47.076	HRD-1660424	09/01/17-08/31/22	-	57,559	
720/721/722	Passed Through Salish Kootenai College						
690	All Nations Louis Stokes Alliance For Minority Participants -AMPS	47.076	1826637	09/01/18-08/31/19	-	4,600	
<i>Total Research and Development Cluster</i>						46,742	1,549,631
<b>Total National Science Foundation</b>						<b>\$ 46,742</b>	<b>\$ 1,549,631</b>
<b>U.S. Department of Education:</b>							
Direct Programs:							
608	Higher Education Institutional Aid (Title III) Part A-20	84.031	P031T150001	10/01/15-09/30/21	\$ -	\$ 417,427	
603	Higher Education Institutional Aid (Title III) Part A -21/22	84.031	P031T200001	10/01/20-09/30/25	-	117,916	
618	Higher Education Institutional Aid (Title III) Part F- 20	84.031	P031D150001	10/01/15-09/30/21	-	486,765	
613	Higher Education Institutional Aid (Title III) Part F- 21	84.031	P031D200001	10/01/20-09/30/25	-	253,138	
subtotal						-	1,275,246
<i>Student Financial Assistance Cluster:</i>							
605	Pell Grant	84.063	P063P214325	03/23/21-08/31/27	-	396,587	
607	SEOG	84.007	P007A207557	03/25/20-08/31/26	-	6,677	
607	College Work Study	84.033	P033A217557	03/25/21-08/31/27	-	1,246	
<i>Total Student Financial Assistance Cluster</i>						-	404,510
<i>TRIO Cluster:</i>							
600	Student Support Service Grant	84.042A	PA42A200551	09/28/20-09/28/25	-	246,277	
<i>Total TRIO Cluster</i>						-	246,277
611	Native American Vocational-Technical Education Program	84.101A	V101A180012	10/01/18-09/30/21	-	309,111	
612	Native American Vocational-Technical Education Program	84.101A	V101A180012	10/01/21-09/30/26	-	144,288	
subtotal						-	453,399
602	COVID-19 - HEERF - CARES - Students	84.425E	P425E200195	04/20/20-05/13/22	-	329,701	
602	COVID-19 - HEERF - CARES - Institution	84.425F	P425F200947	05/05/20-06/30/23	-	499,068	
615	COVID-19 - HEERF - CARES - MSI	84.425K	P425K200012	05/28/20-06/30/23	-	887,069	
subtotal						-	1,715,838
Special Projects Demonstration Grant:							
621	Professional Development 14-17	84.299	S299B180009	10/01/18-10/02/23	-	114,608	
619	Professional Development 14-17	84.299	S299B180009	10/01/18-10/02/23	-	96,905	
subtotal						-	211,513
<b>Total U.S. Department of Education</b>						<b>\$ -</b>	<b>\$ 4,306,783</b>
<b>U.S. Department of the Interior:</b>							
Direct Programs:							
101	Tribally Controlled College	15.027	UNKNOWN	07/01/2020-06/30/21	\$ -	\$ 1,312,323	
<b>Total U.S. Department of the Interior</b>						<b>\$ -</b>	<b>\$ 1,312,323</b>
<b>U.S. Department of Health and Human Services:</b>							
Direct Programs:							
650/651	Health Careers Training & Employment (SEEDS)	93.612	90NA8388-01	09/30/20-09/29/21	\$ -	\$ 366,994	
661/662	White Clay People Speaking WC Language together - Special Projects	93.340	90NS0017-01/05	08/01/16-06/30/21	-	215,817	
National Institute for the Humanities:							
Passed through Stone Child College:							
<i>Head Start Cluster:</i>							
753	Coming Together for our Children	93.600	90YT00038-01	09/30/20-09/29/25	-	20,559	
<i>Total Head Start Cluster</i>						-	20,559
<b>Total U.S. Department of Health and Human Services</b>						<b>\$ -</b>	<b>\$ 603,370</b>
<b>National Foundation on the Arts and Humanities:</b>							
Institute of Museum and Library Services:							
Passed Through Fort Belknap Indian Community							
671	Native American Basic Grant (17)	45.311	NG-01-19-0193-19	08/01/2019-07/31/2020	\$ -	\$ 18,986	
672	Native American Basic Grant (17)	45.311	NG-05-17-0040-17	08/01/17-07/31/18	-	2,147	
674	Native American Library Services Enhancement	45.311	NG-03-19-0225-19	09/01/19-08/31/21	-	2,270	
subtotal						-	23,403
<b>Total National Foundation on the Arts and Humanities</b>						<b>\$ -</b>	<b>\$ 23,403</b>
<b>U.S. Department of Agriculture:</b>							
Direct Program:							
626	NIFA Extension Capacity Building -2021	10.500	2018-47002-28672	09/01/20 - 08/31/21	\$ -	\$ 50,948	
629	NIFA Extension Capacity Building -2022	10.500	2018-47002-28672-02	09/01/21 - 08/31/22	-	160,444	
subtotal						-	211,392
633	NIFA Endowment -Land Grant College	10.220	2020-38423-06918	09/01/20- 10/30/21	-	97,856	
637	NIFA Education Equity Program -2019	10.221	2019-38421-28453	09/01/21-08/31/22	-	105,274	
636	NIFA Education Equity Program -2018	10.221	2018-38421-28453	09/01/18-08/31/21	-	66,713	
subtotal						-	171,987
638	NIFA Education Equity Program -2018	10.517	2018-47002-28631	09/01/18-02/28/21	-	6,648	
629	NIFA Education Equity Program -2019	10.517	2020-47002-32718	09/15/20-09/14/22	-	26,302	
subtotal						-	32,950
Passed through Montana State University:							
<i>Community Facilities Loans and Grants Cluster:</i>							
630	Rural Development State of MT -KGVA Equipment	10.766	UNKNOWN	09/21 - 06/30/2025	-	112,726	
	Rural Development State of MT - Lab equipment	10.766	UNKNOWN	Unknown	-	4,267	
	Rural Development State of MT - Parking Lots/Campus survey 2017	10.766	UNKNOWN	09/17 - 06/30/2021	-	107,864	
624	Rural Development State of MT -	10.766	UNKNOWN	Unknown	-	7,845	
<i>Total Community Facilities Loans and Grants Cluster</i>						-	232,702
<b>Total U.S. Department of Agriculture</b>						<b>\$ -</b>	<b>\$ 746,887</b>
<b>Total Federal Awards</b>						<b>\$ 46,742</b>	<b>\$ 8,542,397</b>

See accompanying independent auditors' report.

# Aaniiih Nakoda College, Inc.

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## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

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### **NOTE 1 – BASIS OF ACCOUNTING:**

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The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Aaniiih Nakoda College, Inc. (the College) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the 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 Schedule presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position or changes in net position of the College.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass through entity identifying numbers are presented where available.

### **NOTE 3 – LOANS OUTSTANDING:**

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Aaniiih Nakoda College, Inc. had no outstanding federal loan balances at June 30, 2022.

### **NOTE 4 – INDIRECT COST RATE:**

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

### **NOTE 5 – SUBRECIPIENT:**

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Of the federal expenditures presented in the Schedule, the College has provided federal awards in the amount of \$46,742 to Montana State University (Assistance Listing #47.076) as a subrecipient.

### **NOTE 6 – DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED):**

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The College did not receive any donated Personal Protective Equipment (PPE) during the year ended June 30, 2022.

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# AANIHH NAKODA COLLEGE

*Empowering Identity and Ways of Knowing*



## Corrective Action Plan

### Year Ended June 30, 2022

The current year Schedule of Findings and Questioned Costs reported no matters in Section II – Financial Statement Findings nor in Section III – Federal Awards Findings and Questioned Costs. Therefore, no corrective action plan is necessary nor has one been prepared.



P.O. Box 159 • Harlem, Montana 59526  
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# AANIIBH NAKODA COLLEGE

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## Summary Schedule of Prior Audit Findings

### Year Ended June 30, 2022

#### Findings from the year ended June 30, 2021

*No matters were reported.*

#### Findings from the year ended June 30, 2020, and prior

*No matters were reported.*



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