

**First Nations Development Institute**

**Financial Statements**

**June 30, 2021 and 2020**

**(With Independent Auditor's Report Thereon)**

*Kundinger, Corder & Engle, P.C.*

*Certified Public Accountants*

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## **Independent Auditor's Report**

### **Board of Directors First Nations Development Institute**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of First Nations Development Institute (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Nations Development Institute as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Kundinger, Corder & Engle, P.C.*

December 13, 2021

**First Nations Development Institute**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 777,971	868,606
Grants and contributions receivable, net (note 3)	5,637,051	5,399,372
Other receivables	174,540	364,173
Prepaid expenses and other assets	74,749	54,405
Investments (note 4)	36,131,446	15,230,722
Investments restricted for endowment (note 4)	7,550,483	7,512,430
Property and equipment, net (note 5)	769,884	777,877
Total assets	\$ 51,116,124	30,207,585
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 80,112	148,001
Regrants payable	1,035,874	1,353,964
Paycheck Protection Program loan (note 6)	-	328,100
Total liabilities	1,115,986	1,830,065
Net assets		
Without donor restrictions	19,496,251	5,551,226
With donor restrictions (note 7)	30,503,887	22,826,294
Total net assets	50,000,138	28,377,520
Commitments (notes 5, 7 and 8)		
Total liabilities and net assets	\$ 51,116,124	30,207,585

See the accompanying notes to the financial statements.

**First Nations Development Institute**  
**Statement of Activities**  
**Year Ended June 30, 2021**

	Without donor restrictions	With donor restrictions	Total
<b>Revenue, Gains and Support</b>			
Public support			
Grants	\$ 9,045,607	12,253,376	21,298,983
Government grants	530,439	–	530,439
Contributions	3,016,556	4,925,593	7,942,149
Total public support	<u>12,592,602</u>	<u>17,178,969</u>	<u>29,771,571</u>
Other revenue			
Program service fees	240,645	–	240,645
Investment return	2,278,384	829,022	3,107,406
Other income	346,775	–	346,775
Total other revenue	<u>2,865,804</u>	<u>829,022</u>	<u>3,694,826</u>
Net assets released from restrictions (note 7)	<u>10,330,398</u>	<u>(10,330,398)</u>	<u>–</u>
Total revenue, gains and support	<u>25,788,804</u>	<u>7,677,593</u>	<u>33,466,397</u>
<b>Expenses</b>			
Program services			
Investing in Native Youth	277,857	–	277,857
Achieving Native Financial Empowerment	75,260	–	75,260
Nourishing Native Foods and Health	2,992,731	–	2,992,731
Advancing Household and Community			
Asset Building	98,929	–	98,929
Strengthening Tribal and Community Institutions	6,817,177	–	6,817,177
Native Lands Stewardship	386,712	–	386,712
Total program services	<u>10,648,666</u>	<u>–</u>	<u>10,648,666</u>
Supporting services			
Administration	858,324	–	858,324
Development	336,789	–	336,789
Total supporting services	<u>1,195,113</u>	<u>–</u>	<u>1,195,113</u>
Total expenses	<u>11,843,779</u>	<u>–</u>	<u>11,843,779</u>
<b>Change in net assets</b>	13,945,025	7,677,593	21,622,618
<b>Net assets at beginning of year</b>	5,551,226	22,826,294	28,377,520
<b>Net assets at end of year</b>	<u>\$ 19,496,251</u>	<u>30,503,887</u>	<u>50,000,138</u>

See the accompanying notes to the financial statements.

**First Nations Development Institute**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	Without donor restrictions	With donor restrictions	Total
<b>Revenue, Gains and Support</b>			
Public support			
Grants	\$ 520,009	10,480,774	11,000,783
Government grants	1,034,393	–	1,034,393
Contributions	2,060,742	1,037,942	3,098,684
Total public support	<u>3,615,144</u>	<u>11,518,716</u>	<u>15,133,860</u>
Other revenue			
Program service fees	132,851	–	132,851
Investment return	412,923	124,959	537,882
Other income	21,948	–	21,948
Total other revenue	<u>567,722</u>	<u>124,959</u>	<u>692,681</u>
Net assets released from restrictions (note 7)	<u>8,527,817</u>	<u>(8,527,817)</u>	<u>–</u>
Total revenue, gains and support	<u>12,710,683</u>	<u>3,115,858</u>	<u>15,826,541</u>
<b>Expenses</b>			
Program services			
Investing in Native Youth	667,009	–	667,009
Achieving Native Financial Empowerment	84,748	–	84,748
Nourishing Native Foods and Health	3,348,258	–	3,348,258
Advancing Household and Community			
Asset Building	35,510	–	35,510
Strengthening Tribal and Community Institutions	4,286,850	–	4,286,850
Native Lands Stewardship	461,193	–	461,193
Total program services	<u>8,883,568</u>	<u>–</u>	<u>8,883,568</u>
Supporting services			
Administration	842,529	–	842,529
Development	641,357	–	641,357
Total supporting services	<u>1,483,886</u>	<u>–</u>	<u>1,483,886</u>
Total expenses	<u>10,367,454</u>	<u>–</u>	<u>10,367,454</u>
<b>Change in net assets</b>	2,343,229	3,115,858	5,459,087
<b>Net assets at beginning of year</b>	<u>3,207,997</u>	<u>19,710,436</u>	<u>22,918,433</u>
<b>Net assets at end of year</b>	<u>\$ 5,551,226</u>	<u>22,826,294</u>	<u>28,377,520</u>

See the accompanying notes to the financial statements.

**First Nations Development Institute**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program services						Supporting services			
	Investing in Native Youth	Achieving Native Financial Empower- ment	Nourish- ing Native Foods and Health	Advancing Household and Comm- unity Asset Building	Strenght- ening Tribal and Community Institutions	Native Lands Steward- ship	Total Program	Admini- stration	Develop- ment	Total
Salaries, payroll taxes and benefits	\$ 58,614	10,153	709,209	1,620	866,253	88,319	1,734,168	468,819	156,629	2,359,616
Grants and stipends	208,750	6,800	1,783,755	84,450	5,518,061	248,600	7,850,416	2,000	575	7,852,991
Professional and consulting fees	5,481	49,650	370,858	–	278,676	36,684	741,349	58,110	100,254	899,713
Travel	(9)	–	18,179	–	27,488	5,985	51,643	465	185	52,293
Printing and publications	113	–	11,140	–	2,519	54	13,826	1,129	4,700	19,655
Conferences and meetings	–	2,627	23,914	–	20,920	1,682	49,143	9,862	911	59,916
Interest expense	–	–	–	–	–	–	–	22,555	–	22,555
Rent and occupancy	1,986	–	17,189	–	13,526	1,138	33,839	23,402	4,602	61,843
Postage and delivery	30	967	3,399	–	–	36	4,432	7,724	22,014	34,170
Equipment/software rental/maintenance	–	–	300	–	9,275	–	9,575	15,158	–	24,733
Supplies and small equipment	250	4,651	43,137	–	34,169	2,415	84,622	27,190	4,305	116,117
Telephone	1,126	172	8,462	–	8,003	975	18,738	13,146	5,394	37,278
Other expenses	–	–	3,189	12,844	1,298	–	17,331	91,684	4,422	113,437
Outside computer services	1,516	240	–	15	36,989	824	39,584	73,055	32,798	145,437
Insurance	–	–	–	–	–	–	–	10,025	–	10,025
Depreciation and amortization	–	–	–	–	–	–	–	34,000	–	34,000
Total functional expenses	\$ <u>277,857</u>	<u>75,260</u>	<u>2,992,731</u>	<u>98,929</u>	<u>6,817,177</u>	<u>386,712</u>	<u>10,648,666</u>	<u>858,324</u>	<u>336,789</u>	<u>11,843,779</u>

See the accompanying notes to the financial statements.

**First Nations Development Institute**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program services						Supporting services			
	Investing in Native Youth	Achieving Native Financial Empower- ment	Nourish- ing Native Foods and Health	Advancing Household and Comm- unity Asset Building	Strength- ening Tribal and Community Institutions	Native Lands Steward- ship	Total Program	Admini- stration	Develop- ment	Total
Salaries, payroll taxes and benefits	\$ 118,869	5,899	518,135	–	767,337	123,250	1,533,490	461,117	205,597	2,200,204
Grants and stipends	428,361	–	1,938,897	25,990	3,064,152	288,600	5,746,000	17,000	–	5,763,000
Professional and consulting fees	6,322	51,986	293,000	–	110,827	20,854	482,989	123,843	181,369	788,201
Travel	72,816	16,393	364,963	–	123,438	16,544	594,154	36,421	20,982	651,557
Printing and publications	3	661	16,715	–	1,703	2	19,084	3,491	1,295	23,870
Conferences and meetings	23,195	5,754	115,838	–	13,568	–	158,355	32,161	850	191,366
Rent and occupancy	5,189	138	14,409	1,850	18,662	3,315	43,563	9,761	6,374	59,698
Postage and delivery	922	83	1,401	–	15,851	114	18,371	3,644	195,843	217,858
Equipment/software rental/maintenance	–	–	433	–	–	841	1,274	14,353	–	15,627
Supplies and small equipment	3,665	3,424	16,264	–	119,893	2,070	145,316	36,661	5,054	187,031
Telephone	2,168	82	8,127	–	10,517	1,890	22,784	13,549	4,083	40,416
Other expenses	–	291	26,417	6,882	17,776	–	51,366	53,318	7,877	112,561
Outside computer services	5,499	37	33,659	788	23,126	3,713	66,822	62,497	12,033	141,352
Insurance	–	–	–	–	–	–	–	5,584	–	5,584
Depreciation and amortization	–	–	–	–	–	–	–	31,571	–	31,571
Subtotals	667,009	84,748	3,348,258	35,510	4,286,850	461,193	8,883,568	904,971	641,357	10,429,896
Less rental expenses netted against revenue	–	–	–	–	–	–	–	(62,442)	–	(62,442)
Total functional expenses	\$ <u>667,009</u>	<u>84,748</u>	<u>3,348,258</u>	<u>35,510</u>	<u>4,286,850</u>	<u>461,193</u>	<u>8,883,568</u>	<u>842,529</u>	<u>641,357</u>	<u>10,367,454</u>

See the accompanying notes to the financial statements.

**First Nations Development Institute**  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 21,622,618	5,459,087
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	34,000	31,571
Net realized and unrealized losses (gains) on investments	(1,933,881)	60,353
Discount on long-term grants	70,275	56,641
Forgiveness of Paycheck Protection Program loan	(328,100)	–
Change in operating assets and liabilities		
Grants and contributions receivable	(307,954)	336,161
Other receivables	189,633	232,935
Prepaid expenses and other assets	(20,344)	(17,446)
Accounts payable and accrued liabilities	(67,889)	20,692
Regrants payable	(318,090)	(27,128)
Refundable advances	–	(431,210)
Net cash provided by operating activities	<u>18,940,268</u>	<u>5,721,656</u>
<b>Cash flows from investing activities</b>		
Net purchases of investments	(19,004,896)	(7,328,144)
Purchases of property and equipment	(26,007)	(58,496)
Net cash used in investing activities	<u>(19,030,903)</u>	<u>(7,386,640)</u>
<b>Cash flows from financing activities</b>		
Proceeds from Paycheck Protection Program loan	–	328,100
Net cash provided by financing activities	<u>–</u>	<u>328,100</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(90,635)</u>	<u>(1,336,884)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>868,606</u>	<u>2,205,490</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 777,971</u>	<u>868,606</u>

See the accompanying notes to the financial statements.

**First Nations Development Institute**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

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**1) Summary of Significant Accounting Policies**

**a) Organization**

First Nations Development Institute (the Organization) is a nonprofit organization dedicated to advancing and promoting the direct participation of tribes, tribal members, and other indigenous peoples in the full use of the economy. The Organization is funded by grants from foundations, corporations, governments and individual donations.

Prior to July 1, 2020, the Organization was consolidated with First Nations Oweesta (Oweesta). Effective July 1, 2020, the Organization and Oweesta signed a separation agreement, removing the Organization as the sole voting member and parent company of Oweesta. Also, all shared board members resigned from the board of directors of Oweesta. Oweesta's bylaws and articles of incorporation were amended to reflect this activity. As a result, the Organization no longer has control nor an economic interest in Oweesta as of July 1, 2020. Therefore, effective with the year ended June 30, 2021, Oweesta's activities are no longer consolidated in the financial statements of the Organization.

Summary of Program Activities

The Organization works to improve economic conditions for Native Americans through technical assistance and training, advocacy and policy, and direct financial grants in the five key areas of Investing in Native Youth, Achieving Native Financial Empowerment, Nourishing Native Foods and Health, Advancing Household and Community Asset-Building Strategies and Strengthening Tribal and Community Institutions.

*Investing in Native Youth*

The Organization believes that Native youth represent the future of Native communities, and that their health and well-being determine the future health and well-being of a community overall. By investing in youth and giving them a sense of place and tradition in the community, a community ensures that it will have bright and capable future leaders. The Organization invests in Native youth and their families through many programs, but the cornerstone of our youth efforts is the Native Youth and Culture Fund, which annually provides grant support to numerous youth-related projects. We also have a range of financial education programs that are specifically geared toward Native youth, including the Crazy Cash City reality fair and the Spending Frenzy workshop. The goal is to provide programs that meet youth where they are, support them in accomplishing their goals and dreams, and prepare them for an empowered adulthood guided by their cultures, families and traditions.

*Achieving Native Financial Empowerment*

The Organization works in partnership with Native American tribes and communities throughout the U.S. to assist them in designing and administering financial and investor education programs. Our projects range from helping individuals and families understand the basics of financial management – opening and maintaining a bank account and using credit wisely – to helping individuals understand financial markets and a variety of financial instruments for borrowing and saving. Learning how to manage finances ensures that Native people will be more likely to save and invest. Our programs result in increased investment levels and economic growth in Native communities.

# First Nations Development Institute

## Notes to Financial Statements, Continued

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### 1) Summary of Significant Accounting Policies, Continued

#### a) Organization, Continued

##### *Nourishing Native Foods and Health*

The Organization recognizes that accessing healthy food is a challenge for many Native American children and families. Without access to healthy food, a nutritious diet and good health are out of reach. To increase access to healthy food, we support tribes and Native communities as they build sustainable food systems that improve health, strengthen food security and increase the control over Native agriculture and food systems. The Organization provides this assistance in the form of financial and technical support, including training materials, to projects that address agriculture and food sectors in Native communities. The Organization also undertakes research projects that build the knowledge and understanding of Native agriculture and food systems issues, and inform Native communities about innovative ideas and best practices. We also participate in policy forums that help develop legislative and regulatory initiatives within this sector. The Organization supports a regional and national network of Native food sector and related organizations. The Organization conducts its work in this area under its broad Native Agriculture and Food Systems Initiative (NAFSI).

##### *Advancing Household and Community Asset-Building*

The Organization works with our national and local partners to identify, develop and implement household and community asset-building strategies that empower Native people. Working with our community partners in tribal colleges and community development financial institutions (CDFIs), we share ideas through peer learning and we finance program development through our grant making program. Working with our national and regional partners, we have helped share information about household asset-building programs such as Individual Development Accounts, Children's Savings Accounts, and Volunteer Income Tax Assistance sites. We also conduct research on issues related to predatory lending in Native communities and work to raise awareness of this problem. The Organization's programs help move families and communities toward financial security. To create systemic economic change, The Organization also works with Native American communities to develop new businesses and services, and reclaim direct control of assets. We seek to help communities understand, create and control the way in which Native assets are valued, as well as the decision-making process in deciding whether to monetize those assets.

##### *Strengthening Tribal and Community Institutions*

Through grant support, technical assistance and training, The Organization provides tribes and Native communities with the tools and resources necessary to create new community-based nonprofit organizations and to strengthen the capacity of existing nonprofits and tribal agencies or departments. For 37 years, The Organization has supported hundreds of model projects that help revitalize Native communities, while integrating social empowerment and economic strategies. The Organization believes that by bolstering tribal and community institutions, we are helping to build economically stronger and healthier Native communities for the long term. An essential component of The Organization's nonprofit capacity-building strategy is our Leadership, Entrepreneurial, and Apprenticeship Development (L.E.A.D.) Institute Conference that trains emerging and existing Native nonprofit leaders, including staff members from many of our grantee organizations. Each year, the Organization holds an annual L.E.A.D. Institute Conference for Native American nonprofit professionals, tribal leaders and anyone interested in Native nonprofits, business and philanthropy.

# First Nations Development Institute

## Notes to Financial Statements, Continued

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### 1) Summary of Significant Accounting Policies, Continued

#### a) Organization, Continued

##### *Native Lands Stewardship*

The goal of the Stewardship Native Lands program is to provide financial and technical assistance to support Native ecological stewardship and improve Native control of and access to ancestral lands and resources to ensure sustainable, economic, spiritual and cultural well-being of Native communities.

#### b) Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

#### c) Financial Statement Presentation

The Organization is required to present information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

#### d) Cash and Cash Equivalents

The Organization considers all highly liquid instruments with original maturities of three months or less, or not held as part of the investment portfolio, to be cash equivalents. The Organization continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. Throughout the year, the Organization held balances of cash and cash equivalents in excess of the federally insured limit.

#### e) Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents, investments, and contributions and grants receivable. The Organization places its cash and money market accounts with creditworthy, high-quality financial institutions. The Organization has significant investments in marketable securities and fixed income and is, therefore, subject to concentrations of credit risk. Investments are made and monitored by management of the Organization pursuant to an investment policy. Though the market values of investments are subject to fluctuation, management believes that its investment policy is prudent to the long-term welfare of the Organization. Credit risk with respect to grants and contributions receivable is limited due to the credit-worthiness of the organizations from whom the amounts are due. The organization is subject to the risk of loss from certain government receivables if the government determines that certain amounts are unallowable reimbursements, although this has not happened to date.

# **First Nations Development Institute**

## **Notes to Financial Statements, Continued**

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### **1) Summary of Significant Accounting Policies, Continued**

#### **f) Investments**

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Fair value is more fully described below. Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of the Organization's distributive share of interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statements of activities. Investment return restricted by a donor is reported as increases in net assets with donor restrictions.

#### **g) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles in the U.S. establishes a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

#### **h) Property and Equipment**

Property and equipment purchased by the Organization are recorded at cost. Donated fixed assets are capitalized at fair value at the date of donation. The Organization capitalizes property and equipment in excess of \$2,000 with a useful life of at least one year. Depreciation and amortization is provided on the straight-line method based upon the estimated useful lives of the assets, which range from three to twenty years.

# **First Nations Development Institute**

## **Notes to Financial Statements, Continued**

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### **1) Summary of Significant Accounting Policies, Continued**

#### **i) Regrants Payable**

Regrants payable represents unconditional, confirmed grants to other organizations. All amounts are due to the organizations in less than one year.

#### **j) Revenue Recognition**

##### Public Support

Public support on the statements of activities consists of revenue from contributions and grants. Contributions and grants are recognized when cash, securities or other assets, and unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Should the Organization substantially meet the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, the Organization has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as refundable advances in the statements of financial position.

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2021, conditional contributions related to these grants, totaling \$802,153, for which no amounts have been received in advance, has not been recognized in the accompanying financial statements.

Contribution and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions and grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. The Organization uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on past collection experience and management's analysis of specific promises made. There was no allowance for uncollectible contributions and grants receivable at June 30, 2021 and 2020.

##### Donated Goods and Services

Donated goods are recorded at fair value at the date of the donation. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no in-kind contributions recognized for the years ended June 30, 2021 and 2020. A number of volunteers have donated time in connection with the Organization's activities. No amounts have been reflected in the accompanying financial statements because the services do not meet the recognition criteria under generally accepted accounting standards.

# First Nations Development Institute

## Notes to Financial Statements, Continued

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### 1) Summary of Significant Accounting Policies, Continued

#### j) Revenue Recognition

##### Program Service Fees

Program service fees mainly consist of earned revenue from contracts to provide development, research and financial education services and products to other organizations. Revenue from exchange transactions is recorded as performance obligations are met under the contracts. Amounts received in advance are deferred until such time as they are earned.

Receivables relate to amounts due from customers for fees for program services provided. An allowance for uncollectible receivables is provided based upon prior years' experience and management's analysis of specific balances. There was no allowance for uncollectible accounts receivable at June 30, 2021 and 2020. At June 30, 2020, other receivables includes a note receivable, totaling \$250,000, from Oweesta. This note was paid in full during the year ended June 30, 2021.

#### k) Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. administration and development activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

#### l) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. 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 revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### m) Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualify for the charitable contribution deduction. However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income incurred during 2021 and 2020. Accordingly, the accompanying financial statements do not include a provision for income taxes.

Management is required to evaluate tax positions taken by the Organization, and to recognize a tax liability if the Organization has taken an uncertain position that probably would not be sustained upon examination by taxing authorities. The Organization believes it has appropriate support for any positions taken and that none would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination by the IRS.

**First Nations Development Institute**  
**Notes to Financial Statements, Continued**

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**1) Summary of Significant Accounting Policies, Continued**

**n) Subsequent Events**

The Organization has evaluated all subsequent events through December 13, 2021, which is the date the financial statements were available to be issued.

**o) Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications had no effect on net assets or the change in net assets.

**2) Availability and Liquidity of Financial Assets**

The following table reflects the Organization's financial assets that are available for general and specific expenditures within one year as of June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 777,971	868,606
Grants and contributions receivable, net	5,637,051	5,399,372
Other receivables	174,540	364,173
Investments	<u>36,131,446</u>	<u>15,230,722</u>
Total financial assets at year-end	42,721,008	21,862,873
Less grants and contributions receivable due in more than one year	<u>(3,072,982)</u>	<u>(2,324,757)</u>
Financial assets available to meet general and specific expenditures within one year	\$ <u>39,648,026</u>	<u>19,538,116</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

The Organization considers net assets with donor restrictions expected to be met within one year to be available for general expenditure. The Organization is substantially supported by restricted grants and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. At June 30, 2021 and 2020, management has estimated that all net assets with donor restrictions are available within the next year, other than receivables due in more than one year, which are accounted for separately above.

**First Nations Development Institute**  
**Notes to Financial Statements, Continued**

**3) Grants and Contributions Receivable**

Grants and contributions receivable mainly consist of amounts due from Foundations and other organizations for specific programs and general operations. Grants and contributions receivable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Receivable in one year	\$ 2,759,587	3,199,858
Receivable in more than one year	<u>3,072,982</u>	<u>2,324,757</u>
Total grants and contributions receivable	<u>5,832,569</u>	<u>5,524,615</u>
Less discount to net present value	<u>(195,518)</u>	<u>(125,243)</u>
Total grants and contributions receivable, net	\$ <u>5,637,051</u>	<u>5,399,372</u>

Receivables have been discounted using a discount rate of 3.26%.

**4) Investments**

Investments are presented in the statements of financial position as follows at June 30:

	<u>2021</u>	<u>2020</u>
Investments	\$ 36,131,446	15,230,722
Investments restricted for endowment	<u>7,550,483</u>	<u>7,512,430</u>
	\$ <u>43,681,929</u>	<u>22,743,152</u>

The following table summarizes the valuation of investments by the fair value hierarchy levels as of June 30, 2021:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds invested in equities	\$ 6,342,916	6,342,916	–
Mutual funds invested in fixed income	25,181,594	25,181,594	–
Cash and cash equivalents	1,080,769	1,080,769	–
Exchange traded funds	3,279,823	3,279,823	–
Fixed income	<u>7,796,827</u>	<u>–</u>	<u>7,796,827</u>
Total	\$ <u>43,681,929</u>	<u>35,885,102</u>	<u>7,796,827</u>

The following table summarizes the valuation of investments by the fair value hierarchy levels as of June 30, 2020:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds invested in equities	\$ 5,831,909	5,831,909	–
Mutual funds invested in fixed income	13,015,472	13,015,472	–
Cash and cash equivalents	394,455	394,455	–
Exchange traded funds	3,243,824	3,243,824	–
Corporate bonds	<u>257,492</u>	<u>–</u>	<u>257,492</u>
Total	\$ <u>22,743,152</u>	<u>22,485,660</u>	<u>257,492</u>

**First Nations Development Institute**  
**Notes to Financial Statements, Continued**

**5) Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 374,881	374,881
Building and improvements	607,602	581,594
Furniture, equipment and software	<u>101,699</u>	<u>101,699</u>
	1,084,182	1,058,174
Less accumulated depreciation and amortization	<u>(314,298)</u>	<u>(280,297)</u>
	<u>\$ 769,884</u>	<u>777,877</u>

Property and equipment is designated as follows at June 30:

	<u>2021</u>	<u>2020</u>
Land and building restricted for endowment (see note 7)	\$ 577,217	615,270
Property and equipment, other	<u>192,667</u>	<u>162,607</u>
	<u>\$ 769,884</u>	<u>777,877</u>

**6) Paycheck Protection Program Loan**

In April 2020, the Organization received a \$328,100 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, the loan may be partially or fully forgiven if certain eligibility requirements are met. The loan was treated as refundable advance of a conditional contribution until such time that the loan was explicitly forgiven by the SBA. During the year ended June 30, 2021, the loan was forgiven in full and recognized as revenue.

**7) Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Future operations	\$ 1,000,000	1,500,000
Investing in Native Youth	2,646,158	440,557
Nourishing Native Foods and Health	3,045,476	3,755,471
Strengthening Tribal and Community Institutions	13,784,899	8,191,458
Native Lands Stewardship	1,159,590	509,315
Achieving Native Financial Empowerment	4,973	7,456
Unspent endowment earnings	735,090	294,337
Endowments	<u>8,127,700</u>	<u>8,127,700</u>
	<u>\$ 30,503,887</u>	<u>22,826,294</u>

**First Nations Development Institute**  
**Notes to Financial Statements, Continued**

**7) Net Assets with Donor Restrictions, Continued**

Net assets with donor restrictions were released from restrictions for the following purposes:

	<u>2021</u>	<u>2020</u>
Future operations	\$ 425,000	575,000
Investing in Native Youth	288,018	708,649
Nourishing Native Foods and Health	2,691,317	3,262,099
Strengthening Tribal and Community Institutions	6,092,587	3,469,145
Native Lands Stewardship	407,724	495,372
Achieving Native Financial Empowerment	17,483	5,044
Endowment earnings	<u>408,269</u>	<u>12,508</u>
	<u>\$ 10,330,398</u>	<u>8,527,817</u>

Endowment Funds

At June 30, 2021 and 2020, net assets with donor restrictions include endowment funds held by The Organization and are comprised of the following:

	<u>2021</u>	<u>2020</u>
Operating Endowment Fund	\$ 3,127,700	3,127,700
Keepseagle Endowment Fund	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$ 8,127,700</u>	<u>8,127,700</u>

During the year ended June 30, 2007, The Organization received a grant of \$3,000,000 from the Ford Foundation. The earnings on this grant for the first five years were earmarked for use in Grantmaking: 75% to be regranted to other organizations and 25% for grant administration and technical assistance to grantees. During the year ended June 30, 2012, after the expiration of this restriction, the board of directors directed the earnings to be used for operations. Contribution to the Operating Endowment Fund are recorded as increases in net assets with donor restrictions. Any earnings on the Operating Endowment Fund are recorded as increases in net assets without donor restrictions and available for expenditure on general operating activities.

During the year ended June 30, 2013, the board of directors of the Organization authorized and approved borrowing internally \$850,000 from the Operating Endowment Fund to purchase and improve a building in Longmont, Colorado to provide office space for both Organizations' current and future needs instead of renting in an unpredictable commercial real estate environment. It is the Organization's intention to fully repay the endowment funds. Accordingly, an internal promissory note payable to the endowment funds was executed effective April 30, 2013. The \$850,000 note bears interest at 3.75% for twenty years and is secured by the land and building. Monthly payments of \$5,040 including principal and interest are transferred from net assets without donor restriction to the endowment funds in repayment. During the years ended June 30, 2021 and 2020, principal payments were \$38,053 and \$36,653 and interest payments were \$22,423 and \$23,821, respectively. Interest income and expense of \$22,423 and \$23,821, respectively, were eliminated in the financial statements at June 30, 2021 and 2020.

During the year ended June 30, 2019, The Organization received \$5,000,000 under the Keepseagle settlement to establish an endowment to maintain the agricultural grant program in perpetuity. Contributions and earnings to the Keepseagle Endowment Fund are recorded as increases in net assets with donor restrictions until appropriated by the board of directors for expenditure. Any distributed earnings from the fund must be used to fund the agricultural grant program.

**First Nations Development Institute**  
**Notes to Financial Statements, Continued**

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**7) Net Assets with Donor Restrictions, Continued**

Endowment Funds, Continued

At June 30, 2021 and 2020, The Organization' endowment net assets are comprised of the following:

	<u>2021</u>	<u>2020</u>
Investments restricted for endowment	\$ 7,550,483	7,512,430
Land and building restricted for endowment (note 6)	<u>577,217</u>	<u>615,270</u>
	<u>\$ 8,127,700</u>	<u>8,127,700</u>

The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as perpetual endowments: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) 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.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately six percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**First Nations Development Institute**  
**Notes to Financial Statements, Continued**

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**7) Net Assets with Donor Restrictions, Continued**

Endowment Funds, Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of retaining interest and dividends earned in the endowment accounts in order to achieve compound earnings. However, expenditures of account earnings on the Operating Endowment Fund are provided by net assets without donor restrictions. Earnings on the Keepseagle Endowment Fund, totaling \$735,090 and \$294,337 for the years ended June 30, 2021 and 2020, respectively, have been recorded in net assets with donor restrictions, but are available for expenditure for the agricultural grant program. Following are the changes in endowment net assets:

Endowment net assets, July 1, 2019	\$ 8,309,586
Investment return	124,959
Contributions to endowment net assets	—
Appropriated for expenditure	<u>(12,508)</u>
Endowment net assets, June 30, 2020	8,422,037
Investment return	829,022
Contributions to endowment net assets	20,000
Appropriated for expenditure	<u>(408,269)</u>
Endowment net assets, June 30, 2021	\$ <u>8,862,790</u>

**8) Retirement Plan**

Eligible employees may make contributions to a 403(b) savings plan operated by The Organization. The Organization is not required to match employee contributions and elected to make contributions to the 403(b) plan totaling \$37,562 and \$36,008 for the years ended June 30, 2021 and 2020.

**9) Related Party Transactions**

The Organization makes loans and grants to tribal groups as part of its programmatic mission. It also has a policy of investing in Native American businesses. As a result, the Organization may have lender and business relationships with groups headed by members of its board of directors. All loans and grants are made in accordance with long-standing procedures in which board members do not participate. All business dealings are conducted at market rates on terms consistent with those available to similar organizations or from similar businesses.

The board of directors of the Organization approves all related party transactions.