

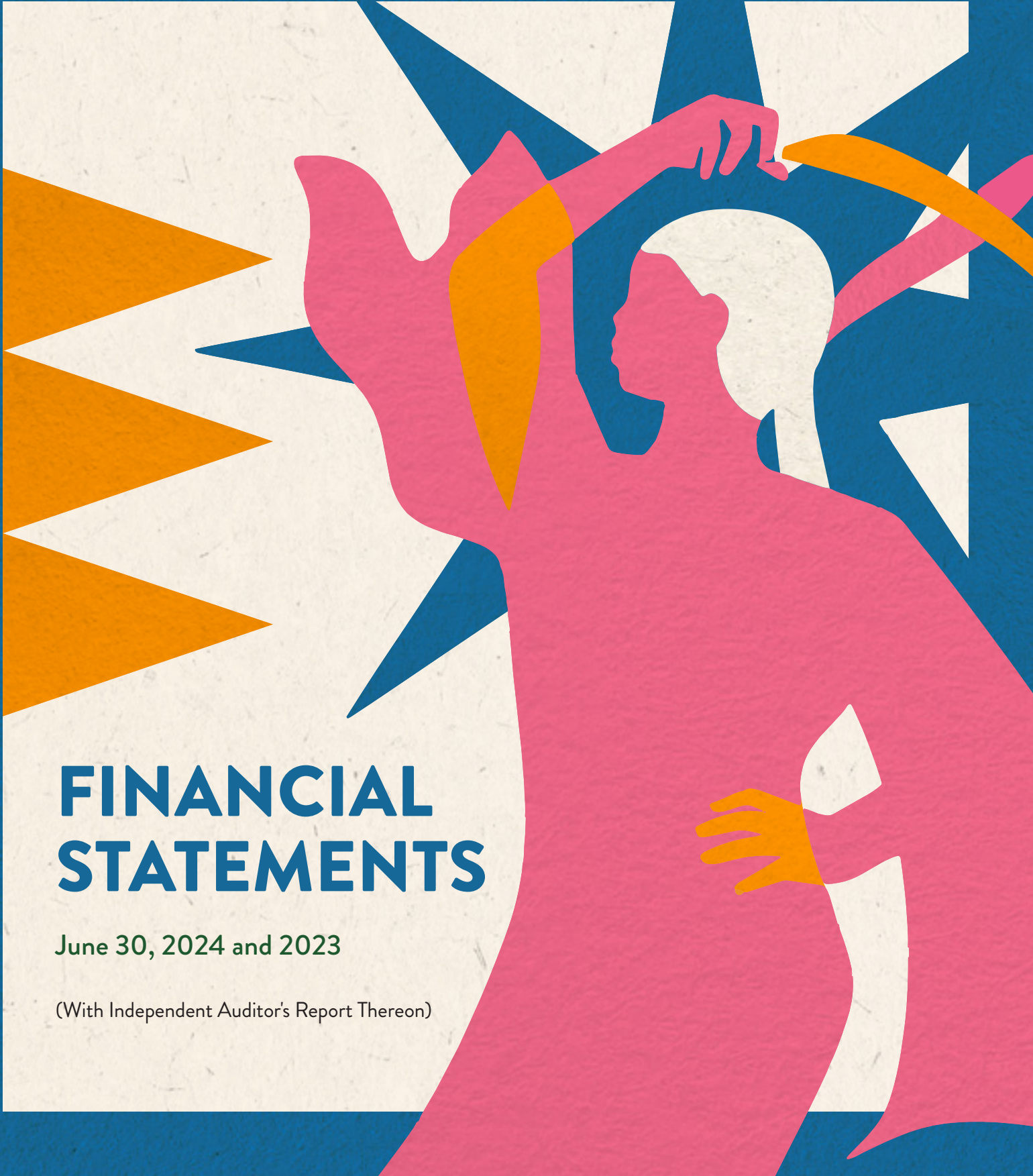
FIRST NATIONS

DEVELOPMENT INSTITUTE

FINANCIAL STATEMENTS

June 30, 2024 and 2023

(With Independent Auditor's Report Thereon)



First Nations Development Institute

Financial Statements

June 30, 2024 and 2023

(With Independent Auditor's Report Thereon)



Independent Auditor's Report

Board of Directors First Nations Development Institute

Opinion

We have audited the accompanying financial statements of First Nations Development Institute which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Nations Development Institute as of June 30, 2024 and 2023, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of First Nations Development Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that 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 the financial statements in accordance with GAAP, 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, which raise substantial doubt about First Nations Development Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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.

**Board of Directors
First Nations Development Institute**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of First Nations Development Institute'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, which raise substantial doubt about First Nations Development Institute'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.

Kundinger, Corder & Montoya, P.C.

December 17, 2024

First Nations Development Institute
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 40,990	1,831,207
Grants and contributions receivable, net (note 3)	8,892,018	4,841,585
Other receivables	76,200	82,255
Prepaid expenses and other assets	446,202	97,908
Investments (note 4)	67,002,425	58,175,994
Investments restricted for endowment (notes 4 and 6)	8,577,677	8,049,102
Property and equipment, net (note 5)	2,248,085	739,960
Total assets	<u>\$ 87,283,597</u>	<u>73,818,011</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 722,960	326,284
Grants payable	6,401,653	3,856,547
Total liabilities	<u>7,124,613</u>	<u>4,182,831</u>
Net assets		
Without donor restrictions		
Undesignated	7,331,044	14,677,642
Board designated operating endowment (note 6)	28,888,342	13,152,930
Total without donor restrictions	36,219,386	27,830,572
With donor restrictions (note 6)	43,939,598	41,804,608
Total net assets	80,158,984	69,635,180
Commitments (notes 5, 6, and 7)		
Total liabilities and net assets	<u>\$ 87,283,597</u>	<u>73,818,011</u>

See the accompanying notes to the financial statements.

First Nations Development Institute
Statement of Activities
Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
Revenue, Gains and Support			
Public support			
Grants	\$ 2,084,284	19,603,192	21,687,476
Government grants	2,038,013	19,345	2,057,358
Contributions	3,660,549	5,693,407	9,353,956
Total public support	7,782,846	25,315,944	33,098,790
Other revenue			
Program service fees	110,800	—	110,800
Investment return	4,423,420	482,452	4,905,872
Other income	279,618	—	279,618
Total other revenue	4,813,838	482,452	5,296,290
Net assets released from restrictions (note 6)	23,663,406	(23,663,406)	—
Total revenue, gains and support	36,260,090	2,134,990	38,395,080
Expenses			
Program services			
Investing in Native Youth	58,602	—	58,602
Asset Building and Financial Empowerment	326,124	—	326,124
Nourishing Native Foods and Health	3,834,224	—	3,834,224
California Tribal Fund	2,399,028	—	2,399,028
Strengthening Tribal and Community Institutions	9,772,168	—	9,772,168
Native Lands Stewardship	8,533,684	—	8,533,684
Total program services	24,923,830	—	24,923,830
Supporting services			
Administration	1,637,913	—	1,637,913
Development	1,309,533	—	1,309,533
Total supporting services	2,947,446	—	2,947,446
Total expenses	27,871,276	—	27,871,276
Change in net assets	8,388,814	2,134,990	10,523,804
Net assets at beginning of year	27,830,572	41,804,608	69,635,180
Net assets at end of year	\$ 36,219,386	43,939,598	80,158,984

See the accompanying notes to the financial statements.

First Nations Development Institute
Statement of Activities
Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenue, Gains and Support			
Public support			
Grants	\$ 190,845	12,080,591	12,271,436
Government grants	1,290,053	—	1,290,053
Contributions	6,130,354	1,525,030	7,655,384
Total public support	7,611,252	13,605,621	21,216,873
Other revenue			
Program service fees	103,000	—	103,000
Investment return	1,709,727	238,732	1,948,459
Other income	57,013	—	57,013
Total other revenue	1,869,740	238,732	2,108,472
Net assets released from restrictions (note 6)	18,131,066	(18,131,066)	—
Total revenue, gains and support	27,612,058	(4,286,713)	23,325,345
Expenses			
Program services			
Investing in Native Youth	2,383,862	—	2,383,862
Asset Building and Financial Empowerment	198,189	—	198,189
Nourishing Native Foods and Health	3,852,598	—	3,852,598
California Tribal Fund	1,287,402	—	1,287,402
Strengthening Tribal and Community Institutions	7,319,364	—	7,319,364
Native Lands Stewardship	4,753,304	—	4,753,304
Total program services	19,794,719	—	19,794,719
Supporting services			
Administration	1,211,155	—	1,211,155
Development	874,412	—	874,412
Total supporting services	2,085,567	—	2,085,567
Total expenses	21,880,286	—	21,880,286
Change in net assets	5,731,772	(4,286,713)	1,445,059
Net assets at beginning of year	22,098,800	46,091,321	68,190,121
Net assets at end of year	\$ 27,830,572	41,804,608	69,635,180

See the accompanying notes to the financial statements.

First Nations Development Institute
Statement of Functional Expenses
Year Ended June 30, 2024

	Program services						Supporting services			
	Investing in Native Youth	Asset Building and Financial Empower- ment	Nourishing Native Foods and Health	California Tribal Fund	Strengthen- ing Tribal and Community Institutions	Native Lands Steward- ship	Total Program	Admini- stration	Develop- ment	Total
Personnel costs	\$ 11,823	43,886	525,157	318,942	1,283,800	1,128,427	3,312,035	815,348	502,383	4,629,766
Grants and stipends	30,000	94,583	2,079,916	1,836,050	7,012,475	6,049,917	17,102,941	—	—	17,102,941
Professional and consulting fees	838	113,126	776,029	82,227	751,571	798,911	2,522,702	127,259	322,085	2,972,046
Travel	12	33,191	238,274	64,825	316,995	316,808	970,105	60,413	124,332	1,154,850
Printing and publications	3,298	15,273	19,404	6,861	33,753	7,395	85,984	24,136	88,340	198,460
Conferences and meetings	437	3,310	62,052	49,098	129,558	88,586	333,041	32,097	50,446	415,584
Interest expense	—	—	—	—	—	—	—	22,423	—	22,423
Rent and occupancy	2,717	4,464	23,844	13,205	61,345	55,975	161,550	46,331	6,471	214,352
Postage and delivery	1,334	444	5,131	1,403	7,194	3,252	18,758	30,369	152,825	201,952
Equipment and software	—	—	7,400	15,490	65,259	13,932	102,081	17,331	8,664	128,076
Supplies and small equipment	7,413	8,714	74,834	5,121	83,109	56,171	235,362	47,646	19,012	302,020
Telephone	666	881	2,489	2,626	9,847	9,124	25,633	36,420	1,286	63,339
Other expenses	64	8,252	18,319	3,180	5,608	1,035	36,458	232,164	12,029	280,651
Outside computer services	—	—	1,000	—	11,654	4,151	16,805	71,725	21,660	110,190
Insurance	—	—	375	—	—	—	375	22,764	—	23,139
Depreciation	—	—	—	—	—	—	—	51,487	—	51,487
Total functional expenses	\$ 58,602	326,124	3,834,224	2,399,028	9,772,168	8,533,684	24,923,830	1,637,913	1,309,533	27,871,276

See the accompanying notes to the financial statements.

First Nations Development Institute
Statement of Functional Expenses
Year Ended June 30, 2023

	Program services						Supporting services			
	Investing in Native Youth	Asset Building and Financial Empower- ment	Nourishing Native Foods and Health	California Tribal Fund	Strengthen- ing Tribal and Community Institutions	Native Lands Steward- ship	Total Program	Admini- stration	Develop- ment	Total
Personnel costs	\$ 294,769	32,017	548,462	272,385	868,873	786,006	2,802,512	510,494	417,916	3,730,922
Grants and stipends	1,971,195	94,500	2,306,011	801,500	4,429,955	2,960,313	12,563,474	—	—	12,563,474
Professional and consulting fees	47,500	44,870	685,643	95,613	1,575,987	565,002	3,014,615	53,395	52,064	3,120,074
Travel	8,765	13,938	129,628	51,667	163,110	299,091	666,199	57,548	73,955	797,702
Printing and publications	1,068	—	6,395	1,608	10,353	24,243	43,667	13,419	70,078	127,164
Conferences and meetings	—	75	24,632	12,228	71,433	31,817	140,185	58,696	2,865	201,746
Interest expense	—	—	—	—	—	—	—	22,423	—	22,423
Rent and occupancy	9,212	—	13,620	21,896	39,604	20,279	104,611	37,271	4,325	146,207
Postage and delivery	5,984	238	3,766	1,446	7,690	2,643	21,767	16,875	193,887	232,529
Equipment and software	18,232	—	7,206	9,895	65,375	22,090	122,798	43,209	40,563	206,570
Supplies and small equipment	14,212	3,773	85,637	4,598	43,024	36,958	188,202	63,017	3,309	254,528
Telephone	2,925	363	3,067	5,685	9,309	4,692	26,041	15,283	1,104	42,428
Other expenses	5,000	8,415	38,531	8,881	4,197	170	65,194	196,938	8,888	271,020
Outside computer services	5,000	—	—	—	30,454	—	35,454	64,181	5,458	105,093
Insurance	—	—	—	—	—	—	—	20,864	—	20,864
Depreciation	—	—	—	—	—	—	—	37,542	—	37,542
Total functional expenses	\$ 2,383,862	198,189	3,852,598	1,287,402	7,319,364	4,753,304	19,794,719	1,211,155	874,412	21,880,286

See the accompanying notes to the financial statements.

First Nations Development Institute
Statements of Cash Flows
Year Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 10,523,804	1,445,059
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	51,487	37,542
Net realized and unrealized (gain) loss on investments	(1,480,417)	356,506
Discount on long-term grants	(348,178)	13,681
Contributions restricted for endowments	(486,000)	(418,106)
Investment return restricted for endowments	(204,788)	(213,294)
Change in operating assets and liabilities		
Grants and contributions receivable	(3,702,255)	432,547
Other receivables	6,055	(22,255)
Prepaid expenses and other assets	(348,294)	(48,348)
Accounts payable and accrued liabilities	396,676	170,989
Grants payable	2,545,106	1,566,204
Net cash provided by operating activities	<u>6,953,196</u>	<u>3,320,525</u>
Cash flows from investing activities		
Net purchases of investments	(7,874,589)	(3,128,001)
Purchases of property and equipment	<u>(1,559,612)</u>	<u>(3,028)</u>
Net cash used in investing activities	<u>(9,434,201)</u>	<u>(3,131,029)</u>
Cash flows from financing activities		
Contributions restricted for endowments	486,000	418,106
Investment return restricted for endowments	<u>204,788</u>	<u>213,294</u>
Net cash provided by financing activities	<u>690,788</u>	<u>631,400</u>
Net (decrease) increase in cash and cash equivalents	(1,790,217)	820,896
Cash and cash equivalents at beginning of year	<u>1,831,207</u>	<u>1,010,311</u>
Cash and cash equivalents at end of year	<u>\$ 40,990</u>	<u>1,831,207</u>
Supplemental disclosure:		
Interest paid	<u>\$ 22,423</u>	<u>22,423</u>

See the accompanying notes to the financial statements.

First Nations Development Institute
Notes to Financial Statements
June 30, 2024 and 2023

1) Summary of Significant Accounting Policies

a) Organization

First Nations Development Institute (FNDI) 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. FNDI is funded by grants from foundations, corporations, governments and individual donations.

Summary of Program Activities

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

Strengthening Tribal and Community Institutions

Through grant support, technical assistance and training, FNDI 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 44 years, FNDI has supported hundreds of model projects that help revitalize Native communities, while integrating social empowerment and economic strategies. FNDI 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 FNDI'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, FNDI 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.

Investing in Native Youth

FNDI 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. FNDI 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.

Nourishing Native Foods and Health

FNDI 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. FNDI 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. 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. FNDI 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.

First Nations Development Institute
Notes to Financial Statements, Continued

1) Summary of Significant Accounting Policies, Continued

a) Organization, Continued

Summary of Program Activities, Continued

Nourishing Native Foods and Health, Continued

We also participate in policy forums that help develop legislative and regulatory initiatives within this sector. FNDI supports a regional and national network of Native food sector and related organizations. FNDI conducts its work in this area under its broad Native Agriculture and Food Systems Initiative (NAFSI).

Asset Building and Financial Empowerment

First Nations works with Native communities to restore Native American control and culturally-compatible stewardship of the assets they own – be they land, human potential, cultural heritage or natural resources – and to establish new assets for ensuring the long-term vitality of Native communities. We help Native communities create and control the way in which Native assets are valued, as well as whether to monetize those assets. We also work with Native communities to increase financial investment levels and economic growth. This includes offering education and resources to implement their own approaches and solutions, including ongoing and always-improving trainings to respond to the changing demands in Native communities.

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.

California Tribal Fund

With a mission to invest in the viability and visibility of California Tribal Nations and communities, the California Tribal Fund supports California-based, California-Native-led nonprofits and tribal programs. Through key program areas – stewardship of ancestral lands and waters, tribal community food sovereignty, culture, and fire and drought – the fund is designed to meet the unique needs of California Native communities.

b) Basis of Accounting

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

First Nations Development Institute
Notes to Financial Statements, Continued

1) Summary of Significant Accounting Policies, Continued

c) Financial Statement Presentation

FNDI 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 FNDI. These net assets may be used at the discretion of FNDI'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 FNDI 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

FNDI 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. FNDI continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. Throughout the year, FNDI held balances of cash and cash equivalents in excess of the federally insured limit.

e) Concentrations

Financial instruments that potentially subject FNDI to credit risk include cash and cash equivalents, investments, and grants and contributions receivable. FNDI places its cash and money market accounts with creditworthy, high-quality financial institutions. FNDI 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 FNDI 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 FNDI. Credit risk with respect to grants and contributions receivable is limited due to the creditworthiness of the organizations from whom the amounts are due. FNDI 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.

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 FNDI'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.

First Nations Development Institute
Notes to Financial Statements, Continued

1) Summary of Significant Accounting Policies, Continued

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

i) Grants Payable

Grants payable represent 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 FNDI substantially meet the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, FNDI 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. At June 30, 2024, there is a conditional contribution outstanding totaling \$12,500,000.

First Nations Development Institute
Notes to Financial Statements, Continued

l) Summary of Significant Accounting Policies, Continued

j) Revenue Recognition, Continued

Public Support, Continued

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2024 conditional contributions related to these grants, totaling \$10,620,981, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

Grants and contributions 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.

Grants and contributions 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. FNNDI uses the allowance method to determine uncollectible grants and contributions receivable. The allowance is based on past collection experience and management's analysis of specific promises made. There was no allowance for uncollectible grants and contributions receivable at June 30, 2024 and 2023.

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 FNNDI. There were no in-kind contributions recognized for the years ended June 30, 2024 and 2023. A number of volunteers have donated time in connection with FNNDI's activities. No amounts have been reflected in the accompanying financial statements because the services do not meet the recognition criteria under GAAP.

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 credit losses is provided based upon prior years' experience and management's analysis of specific balances. There was no allowance for credit losses at June 30, 2024 and 2023.

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. FNNDI incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. FNNDI 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.

First Nations Development Institute
Notes to Financial Statements, Continued

1) Summary of Significant Accounting Policies, Continued

l) Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of 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

FNDI 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 2024 and 2023. Accordingly, the accompanying financial statements do not include a provision for income taxes.

Management is required to evaluate tax positions taken by FNDI, and to recognize a tax liability if FNDI has taken an uncertain position that probably would not be sustained upon examination by taxing authorities. FNDI believes it has appropriate support for any positions taken and that none would require recognition of a liability or disclosure in the financial statements. FNDI 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.

n) Subsequent Events

FNDI has evaluated all subsequent events through December 17, 2024, which is the date the financial statements were available to be issued.

o) Reclassifications

Certain prior year amounts have been reclassified to conform to 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 FNDI's financial assets that are available for general and specific expenditures within one year as of June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 40,990	1,831,207
Grants and contributions receivable, net	8,892,018	4,841,585
Other receivables	76,200	82,255
Investments	<u>67,002,425</u>	<u>58,175,994</u>
Total financial assets at year-end	76,011,633	64,931,041
Less board designated operating endowment	(28,888,342)	(13,152,930)
Less grants and contributions receivable due in more than one year (note 3)	<u>(6,953,332)</u>	<u>(3,491,164)</u>
Financial assets available to meet general and specific expenditures within one year	\$ <u>40,169,959</u>	<u>48,286,947</u>

First Nations Development Institute
Notes to Financial Statements, Continued

2) Availability and Liquidity of Financial Assets, Continued

FNDI considers net assets with donor restrictions expected to be met within one year to be available for general expenditure. FNDI 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, FNDI must maintain sufficient resources to meet those responsibilities to its donors. At June 30, 2024 and 2023, 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.

FNDI's board of directors has designated a portion of net assets without donor restrictions for specific purposes. Although FNDI does not intend to spend from the board-designated funds, the funds could be made available for current operations, with board approval, if needed.

As part of FNDI'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, FNDI invests cash in excess of daily requirements in short-term investments.

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>2024</u>	<u>2023</u>
Receivable in one year	\$ 2,496,063	1,559,620
Receivable in more than one year	<u>6,953,332</u>	<u>3,491,164</u>
Total grants and contributions receivable	9,449,395	5,050,784
Less discount to net present value	<u>(557,377)</u>	<u>(209,199)</u>
Total grants and contributions receivable, net	\$ <u>8,892,018</u>	<u>4,841,585</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>2024</u>	<u>2023</u>
Investments	\$ 67,002,425	58,175,994
Investments restricted for endowment	<u>8,577,677</u>	<u>8,049,102</u>
	\$ <u>75,580,102</u>	<u>66,225,096</u>

The following table summarizes the valuation of investments by the fair value hierarchy levels as of June 30, 2024:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds invested in equities	\$ 15,232,633	15,232,633	—
Mutual funds invested in fixed income	43,484,361	43,484,361	—
Cash and cash equivalents	2,336,316	2,336,316	—
Exchange traded funds	6,673,000	6,673,000	—
Fixed income	<u>7,853,792</u>	<u>—</u>	<u>7,853,792</u>
Total	\$ <u>75,580,102</u>	<u>67,726,310</u>	<u>7,853,792</u>

First Nations Development Institute
Notes to Financial Statements, Continued

4) Investments, Continued

The following table summarizes the valuation of investments by the fair value hierarchy levels as of June 30, 2023:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds invested in equities	\$ 5,372,831	5,372,831	—
Mutual funds invested in fixed income	37,404,423	37,404,423	—
Cash and cash equivalents	6,782,342	6,782,342	—
Equities	20,600	20,600	—
Exchange traded funds	4,182,564	4,182,564	—
Fixed income	<u>12,462,336</u>	<u>—</u>	<u>12,462,336</u>
Total	\$ <u>66,225,096</u>	<u>53,762,760</u>	<u>12,462,336</u>

5) Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 801,735	374,881
Building and improvements	1,777,932	645,174
Furniture, equipment and software	<u>110,243</u>	<u>110,243</u>
	2,689,910	1,130,298
Less accumulated depreciation and amortization	<u>(441,825)</u>	<u>(390,338)</u>
	\$ <u>2,248,085</u>	<u>739,960</u>

Property and equipment are designated as follows at June 30:

	<u>2024</u>	<u>2023</u>
Land and building restricted for endowment (see note 6)	\$ 454,129	496,704
Property and equipment, other	<u>1,793,956</u>	<u>243,256</u>
	\$ <u>2,248,085</u>	<u>739,960</u>

6) Net Assets with Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Investing in Native Youth	\$ 5,267,772	840,678
California Tribal Fund	5,238,876	—
Asset Building and Financial Empowerment	2,208,205	—
Nourishing Native Foods and Health	1,884,059	2,170,227
Strengthening Tribal and Community Institutions	15,557,165	27,995,554
Native Lands Stewardship	4,140,899	2,112,513
Unspent endowment earnings	610,816	139,830
Endowments	<u>9,031,806</u>	<u>8,545,806</u>
	\$ <u>43,939,598</u>	<u>41,804,608</u>

First Nations Development Institute
Notes to Financial Statements, Continued

6) Net Assets with Donor Restrictions, Continued

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

	<u>2024</u>	<u>2023</u>
Investing in Native Youth	\$ 762,103	2,512,705
California Tribal Fund	1,320,025	—
Asset Building and Financial Empowerment	102,595	—
Nourishing Native Foods and Health	3,536,704	2,641,457
Strengthening Tribal and Community Institutions	14,750,100	11,737,418
Native Lands Stewardship	3,180,414	1,226,623
Endowment earnings	<u>11,465</u>	<u>12,863</u>
	<u>\$ 23,663,406</u>	<u>18,131,066</u>

Endowment Funds

FNDI's endowment funds are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Board-designated operating endowment fund	\$ 28,888,342	13,152,930
Donor-restricted operating endowment fund	3,127,700	3,127,700
Keepseagle Endowment Fund	5,000,000	5,000,000
Other endowment funds	<u>904,106</u>	<u>418,106</u>
Total endowment funds	<u>\$ 37,920,148</u>	<u>21,698,736</u>

The board has elected to establish a quasi-endowment for the purpose of maintaining the purchasing power of FNDI's assets to support the ongoing and long-term operations of the organization.

During the year ended June 30, 2007, FNDI 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. Contributions 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 FNDI 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 FNDI's current and future needs instead of renting in an unpredictable commercial real estate environment. It is FNDI'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 restrictions to the endowment funds in repayment. During the years ended June 30, 2024 and 2023, principal payments were \$42,575 and \$41,011 and interest payments were \$17,900 and \$19,464, respectively. Interest income and expense of \$17,900 and \$19,464, respectively, were eliminated in the financial statements at June 30, 2024 and 2023. The loan balance at June 30, 2024 and 2023 totals \$454,129 and \$496,704, respectively.

First Nations Development Institute
Notes to Financial Statements, Continued

6) Net Assets with Donor Restrictions, Continued

Endowment Funds, Continued

During the year ended June 30, 2019, FNDI 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.

Other endowment funds consist of various endowments which have been restricted by donors for specific programs. Any distributed earnings from these funds must be used to support these programs.

At June 30, 2024 and 2023, FNDI's donor-restricted endowment net assets are comprised of the following:

	<u>2024</u>	<u>2023</u>
Investments restricted for endowment	\$ 8,577,677	8,049,102
Land and building restricted for endowment (note 5)	<u>454,129</u>	<u>496,704</u>
	<u>\$ 9,031,806</u>	<u>8,545,806</u>

FNDI follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FNDI 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, FNDI 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, FNDI 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 FNDI 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 FNDI
- (7) The investment policies of FNDI

Return Objectives and Risk Parameters

FNDI 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 FNDI 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. FNDI 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.

First Nations Development Institute
Notes to Financial Statements, Continued

6) Net Assets with Donor Restrictions, Continued

Endowment Funds, Continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, FNDI 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). FNDI 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

FNDI has a policy of retaining interest and dividends earned in the endowment accounts to achieve compound earnings. However, expenditures of account earnings on the donor-restricted operating endowment fund are provided by net assets without donor restrictions. Earnings on other endowment funds have been recorded in net assets with donor restrictions but are available for expenditure for the endowment purposes.

Following are the changes in endowment net assets:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, June 30, 2022	\$ 12,763,952	8,038,711	20,802,663
Investment return	388,978	238,732	627,710
Contributions to endowment net assets	—	418,106	418,106
Appropriated for expenditure	—	(9,913)	(9,913)
Endowment net assets, June 30, 2023	13,152,930	8,685,636	21,838,566
Investment return	1,138,669	482,452	1,621,121
Contributions to endowment net assets	14,596,743	486,000	15,082,743
Appropriated for expenditure	—	(11,466)	(11,466)
Endowment net assets, June 30, 2024	\$ 28,888,342	9,642,622	38,530,964

7) Retirement Plan

Eligible employees may make contributions to a 403(b)-savings plan operated by FNDI. FNDI is not required to match employee contributions but elected to make discretionary matching contributions to the 403(b) plan totaling \$57,363 and \$53,197 for the years ended June 30, 2024 and 2023, respectively.

8) Related Party Transactions

FNDI 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, FNDI may have business relationships with groups headed by members of its board of directors. All grants are made in accordance with long-standing procedures in which board members do not participate. All business dealings are conducted on terms consistent with those available to similar organizations or from similar businesses.

The board of directors of FNDI approves all related party transactions.