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CALIFORNIA INDIAN NATIONS COLLEGE
FINANCIAL STATEMENTS
JUNE 30, 2020 and 2019

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CALIFORNIA INDIAN NATIONS COLLEGE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Indian Nations College
Palm Desert, California

Report on the Financial Statements

We have audited the accompanying financial statements of California Indian Nations College (the "College"), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 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 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 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 California Indian Nations College as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the College has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Mad*e Accordingly, all contributions received have been reviewed and adjusted accordingly to adopt this standard. Our opinion is not modified with respect to this matter.

CWDL, Certified Public Accountants

San Diego, California
October 30, 2021

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FINANCIAL STATEMENTS

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 and JUNE 30, 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 938,277	$ 252,597
Inventory	21,839	8,073
Equipment, net of accumulated depreciation	9,432	5,419
Total Assets	$ 969,548	$ 266,089
LIABILITIES		
Accrued expenses	$ 3,893	$ 1,028
Accrued payroll and benefits	40,648	16,911
PPP loan	186,665	-
Deferred revenue	15,000	-
Total Liabilities	246,206	17,939
NET ASSETS		
Net assets without donor restrictions	723,342	248,150
Net assets with donor restrictions	-	-
Total Net Assets	723,342	248,150
Total Liabilities and Net Assets	$ 969,548	$ 266,089

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2020

	Net Assets Without Donor Restrictions	Total
SUPPORT AND REVENUE		
Operating revenues	$ 1,497	$ 1,497
Interest income	602	602
Other income	1,802,458	1,802,458
Total Support and Revenue	$ 1,804,557	$ 1,804,557
EXPENSES		
Program services	$ 385,504	$ 385,504
Payroll	938,943	938,943
Depreciation	4,918	4,918
Total Expenses	1,329,365	1,329,365
Change in Net Assets	475,192	475,192
Net Assets - Beginning of Year	248,150	248,150
Net Assets - End of Year	$ 723,342	$ 723,342

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2019

	Net Assets Without Donor Restrictions	Total
SUPPORT AND REVENUE		
Operating revenues	$ 1,186	$ 1,186
Interest income	5,376	5,376
Other income	600,041	600,041
Total Support and Revenue	$ 606,603	$ 606,603
EXPENSES		
Program expenses	$ 412,607	$ 412,607
Operating expenses	392,789	392,789
Depreciation	0	-
Total Expenses	805,396	805,396
Change in Net Assets	(198,793)	(198,793)
Net Assets - Beginning of Year	446,943	446,943
Net Assets - End of Year	$ 248,150	$ 248,150

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

Year Ended June 30, 2020	Program	Operating	Total
Payroll & benefits	514,340	$ 424,603	$ 938,943
Advertising & Marketing	1,026	-	1,026
Bank charges & other fees	3,114	-	3,114
Board of Trustees	2,827	-	2,827
Computer software	3,184	-	3,184
Contract services	117,252	40,686	157,938
Depreciation	4,918	-	4,918
Events	24,527	-	24,527
Flexible spending	73	-	73
Foundation	8,567	-	8,567
GED Expenses	3,562	-	3,562
Gifts	1,061	-	1,061
Professional services	1,300	-	1,300
Insurance	6,504	-	6,504
Job Postings	1,847	-	1,847
Legal & Professional Services	31,890	-	31,890
Meals & entertainment (deleted)	38	-	38
Meetings	11,531	-	11,531
Memberships & Registrations	12,077	-	12,077
Office supplies	19,234	-	19,234
Online promotion	38	-	38
Parking	8,415	-	8,415
Postage	671	-	671
Printing and copying	3,132	-	3,132
Recruiting	373	-	373
Rent	14,076	-	14,076
Sales tax	635	-	635
Small equipment	16,799	-	16,799
Student fees	3,015	-	3,015
Subscriptions	154	-	154
Telephone	11,100	-	11,100
Transcripts	80	-	80
Travel	8,670	-	8,670
Website	18,990	-	18,990
Workers comp insurance	9,056	-	9,056
Total	864,076	$ 465,289	$ 1,329,365

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

Year Ended June 30, 2019	Program	Operating	Total
Payroll & benefits	$ 265,894	$ 363,629	$ 629,523
Cost of goods sold	1,464	-	1,464
Background checks	300	-	300
Computer software	1,088	-	1,088
Contract services	3,110	29,160	32,270
Depreciation	404	-	404
Events	18,205	-	18,205
Fees	1,374	-	1,374
Foundation	6,220	-	6,220
GED Expenses	2,694	-	2,694
Gifts	305	-	305
Professional services	1,500	-	1,500
Insurance	5,299	-	5,299
Job Postings	239	-	239
Legal & Professional Services	2,890	-	2,890
Licenses and fees	351	-	351
Meetings	5,620	-	5,620
Memberships & Registrations	1,063	-	1,063
Office supplies	9,024	-	9,024
Online promotion	100	-	100
Parking	7,965	-	7,965
Postage	539	-	539
Printing and copying	1,895	-	1,895
Recruiting	546	-	546
Rent	9,146	-	9,146
Repairs & Maintenance	65	-	65
Small equipment	26,524	-	26,524
Student transportation	860	-	860
Subscriptions	312	-	312
Taxes & Licenses	271	-	271
Telephone	5,918	-	5,918
Transcripts	800	-	800
Travel	6,058	-	6,058
Tutoring	389	-	389
Website	16,589	-	16,589
Workers comp insurance	6,890	-	6,890
Workshops	696	-	696
Total	$ 412,607	$ 392,789	$ 805,396

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

Year Ended June 30,	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 475,192	$ (430,031)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Inventory	(13,766)	(3,045)
Equipment	(4,013)	(5,419)
Accrued expenses	2,865	515
Accrued payroll	23,737	8,133
PPP loan	186,665	-
Deferred revenue	15,000	-
Net Cash (Used) by Operating Activities	685,680	(429,847)
Cash and Cash Equivalents - Beginning of Year	252,597	682,444
Cash and Cash Equivalents - End of Year	$ 938,277	$ 252,597

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: California Indian Nations College (the "College") is a 501(c)(3) non-profit organization organized to become the first stand alone, fully-accredited tribal college in California in decades. California Indian Nations College began with a Strategic Planning Committee comprised of over 35 members who form a coalition of constituents from Southern California Indian Country. The Committee lives on as the CINC Advisory Committee and supports a vision to establish a two- year, accredited college with a curriculum that incorporates indigenous culture, Native language revitalization, and the re-institutionalization of traditional Native American values.

According to the American Indian Higher Education Consortium, there are 37 accredited Tribal Colleges and Universities in the United States of America. However, not one accredited Tribal College or University is located in the state of California. The leadership of ACCJC is very supportive of CINC's efforts and has been helpful in guiding the initial steps towards eligibility for accreditation. The academic plan aims to first offer a broad associate's degree program, covering general education and scholastic skills preparing students to transfer to any four-year institution in any specialty they wish. A certificate program is also in the exploratory phase. Once established and accredited, the College will explore additional degrees and programs based upon community needs.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The financial statements of the College have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

All donor-restricted contributions are recorded as increases in net assets with donor restrictions. When a restriction expires, either by the passage of time or the purpose is satisfied, the net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions."

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Possible expirations of net assets with donor restriction are (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash Equivalents: The College considers all highly liquid investments with original maturity dates of three months or less as cash equivalents.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets: The financial statements report amounts separately by class of net assets as follows:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

Donations: Donations are recognized as revenues in the period received. Donations are considered available for net assets without donor restrictions use unless specifically restricted by the donor. Event revenues received in advance are deferred and recognized in the period the events occur.

Accounts Receivable: The College utilizes the allowance method of accounting for uncollectible accounts receivable. No allowance was necessary at June 30, 2020 and 2019. Bad debt expense was $-0- at June 30, 2020 and 2019.

Concentration of Credit Risk: Cash balances held in banks are insured up to $250,000 and are collateralized by the respective financial institution. The College maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The College has not experienced any losses in such accounts. Management believes the College is not exposed to any significant credit risk related to cash.

At June 30, 2020 and 2019, the College had a bank balance of $938,277 and $252,597, respectively. The total uninsured bank balance at June 30, 2020 and 2019 was $688,277 and $2,597, respectively.

Tax Status: The United States Treasury Department determined that the College is a nonprofit tax-exempt corporation as defined by Internal Revenue Code Section 501(c)(3). A similar determination was made by the California Franchise Tax Board under Section 237 of the State Revenue and Taxation code.

The College has accounted for uncertainty in income taxes as required by the *Accounting for Uncertainty in Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The College uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes. The College is not subject to any tax liability. Management does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status: The College would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the years ended June 30, 2020 and 2019, the College did not recognize any interest or penalties. The College is subject to the filing of U.S. Federal and California informational returns. Federal returns for 2018 through 2020 and California returns for 2018 through 2020 are currently open for potential Federal and State examination.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Change in Accounting Principle**:** In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the ASU 2018-08 apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

The College has implemented the provisions of this ASU as of December 31, 2018, because management believes it improves the College's financial reporting.

New Accounting Pronouncements: In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2016-02 on the College's financial statements has not yet been determined, the future adoption of this guidance will require the College to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the College's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board of Directors approves that action.

	2020	2019
Financial assets, at year-end:		
Cash and cash equivalents	$ 938,277	$ 252,597
Total financial assets, at year-end	938,277	252,597
Restrictions for specific purposes:		
Donor designated	-	-
Total contractual or donor-imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditure within one year	$ 938,277	$ 252,597

NOTE 3 – OTHER INCOME

Other income consists primarily of contributions from the Twenty-Nine Palms Band of Mission Indians in support of the College's mission to become the first stand alone, fully-accredited tribal college in California in decades

NOTE 4 – NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods.

Year Ended June 30,	2020	2019
Subject to expenditure for a specified purpose		
Net assets with donor restrictions	$ -	$ -
Total	$ -	$ -

NOTE 5 – SUBSEQUENT EVENTS

The College has evaluated all events or transactions that occurred from June 30, 2020 to October 30, 2021 the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.