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CALIFORNIA INDIAN NATIONS COLLEGE

FINANCIAL STATEMENTS

June 30, 2021

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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, 2021, 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.

Auditors' 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.

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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, 2021, 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.

San Diego, California
March 15, 2023

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FINANCIAL STATEMENTS

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS		
Cash and cash equivalents	$	798,300
Inventory		21,723
Equipment, net of accumulated depreciation		4,514
Total Assets	$	824,537
LIABILITIES		
Accrued expenses	$	1,781
Accrued payroll and benefits		3,881
PPP loan		160,604
Deferred revenue		10,000
Total Liabilities		176,266
NET ASSETS		
Net assets without donor restrictions		648,271
Total Net Assets		648,271
Total Liabilities and Net Assets	$	824,537

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2021

	Net Assets Without Donor Restrictions
SUPPORT AND REVENUE	
Operating revenues	$ 4,909
Interest income	97
Other income	1,041,283
Total Support and Revenue	$ 1,046,289
EXPENSES	
Program services	$ 741,065
Operating expenses	454,941
Total Expenses	1,196,006
Change in Net Assets	(149,717)
Net Assets - Beginning of Year	723,342
Adjustments (See Note 6)	74,646
Net Assets - End of Year	$ 648,271

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program	Operating	Total
Payroll & benefits	$ 625,148	$ 349,612	$ 974,760
Office expenses	5,749	4,151	9,900
Contract services	56,450	44,446	100,896
Cost of goods sold	116	-	116
Depreciation	4,918	-	4,918
Events	4,269	917	5,186
GED expenses	715	350	1,065
Honoraria	1,200	300	1,500
Insurance	8,800	9,246	18,046
Job postings	51	-	51
Marketing and promotion	-	6,662	6,662
Meetings	77	552	629
Memberships & registrations	1,541	-	1,541
Program expense	-	15,000	15,000
Reimburseable expense	5,315	-	5,315
Sales tax	-	49	49
Stipend	2,100	-	2,100
Student fees	657	-	657
TAM scholarship foundation	1,193	-	1,193
Telephone	1,483	17,839	19,322
Travel	80	2,861	2,941
Website	9,693	821	10,514
Workers comp insurance	725	-	725
	$ 741,065	$ 454,941	$ 1,196,006

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(149,717)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Inventory		116
Equipment		4,918
Accrued expenses		(2,112)
Accrued payroll		(36,767)
PPP loan		(26,061)
Deferred revenue		(5,000)
Net Cash (Used) by Operating Activities		(214,623)
Cash and Cash Equivalents - Beginning of Year		1,012,923
Cash and Cash Equivalents - End of Year	$	798,300

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, 2021. There was no bad debt expense for the year ending June 30, 2021.

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, 2021, the College had a bank balance of $798,300. The total uninsured bank balance at June 30, 2021 was $506,312.

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, 2021, 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**:** ASU 2020-07 Presentation and Discussion by Not-for-Profit Entities for Contributed Nonfinancial Assets improves generally accepted accounting principles (GAAP) by increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in the update address public concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFP's as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

The College has implemented the provisions of this ASU as of June 30, 2021, because management believes it improves the College's financial reporting.

New Accounting Pronouncements: In November, FASB issued ASU 2021-09, Leases (ASU 2021-09). ASU 2021-09 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 2021-09 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2021-09 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation 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.

	2021
Financial assets, at year-end:	
Cash and cash equivalents	$ 798,300
Total financial assets, at year-end	798,300
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	$ 798,300

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 – RESTRICTIONS ON NET ASSETS

The College held no net assets with donor restrictions at June 30, 2021.

NOTE 5 – CONTRIBUTED NONFINANCIAL ASSETS

The College received no nonfinancial assets during the year ended June 30, 2021.

NOTE 6 – ADJUSTMENTS

Adjustments consist of various management-identified post-closing entries amounting to a $74,646 increase to beginning net assets.

NOTE 7 – SUBSEQUENT EVENTS

The College has evaluated all events or transactions that occurred from June 30, 2021 to March 15, 2023 the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.