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CALIFORNIA INDIAN NATIONS COLLEGE
FINANCIAL STATEMENTS

June 30, 2022

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CALIFORNIA INDIAN NATIONS COLLEGE
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JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Indian Nations College
Palm Desert, California

Opinion

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, 2022, 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 referred to above present fairly, in all material respects, the financial position of California Indian Nations College as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 California Indian Nations College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
September 27, 2023

FINANCIAL STATEMENTS

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS		
Cash and cash equivalents	$	817,254
Inventory		23,399
Total Assets	$	840,653
LIABILITIES		
Accrued payroll and benefits	$	23,271
Deferred revenue		3,595
Total Liabilities		26,866
NET ASSETS		
Net assets without donor restrictions		813,787
Total Net Assets		813,787
Total Liabilities and Net Assets	$	840,653

See accompanying notes to financial statements.

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Net Assets Without Donor Restrictions
SUPPORT AND REVENUE	
Interest income	$ 84
Other income	1,361,443
Total Support and Revenue	1,361,527
EXPENSES	
Program services	627,368
Operating expenses	568,643
Total Expenses	1,196,011
Change in Net Assets	165,516
Net Assets - Beginning of Year	648,271
Net Assets - End of Year	$ 813,787

See accompanying notes to financial statements.

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Operating Expenses	Total
Payroll & benefits	$ 493,418	$ 418,252	$ 911,670
Office expenses	18,941	47,404	66,345
Admin expenses, mtgs, travel	1,534	-	1,534
Advertising & marketing	-	1,578	1,578
Contract services	44,964	53,103	98,067
Depreciation	-	4,918	4,918
Events	24,292	2,007	26,299
Gifts	105	289	394
Grant	10,000	-	10,000
Insignia	2,985	950	3,935
Insurance	-	7,619	7,619
Job Postings	6,821	537	7,358
Legal & professional services	860	13,034	13,894
Marketing and promotion	-	5,375	5,375
Meetings	3,059	1,345	4,404
Memberships & registrations	16,387	5,464	21,851
Memorabilia	-	376	376
Parking	70	-	70
Travel	2,452	4,519	6,971
Website	1,480	1,873	3,353
Total Expenses	$ 627,368	$ 568,643	$ 1,196,011

See accompanying notes to financial statements.

CALIFORNIA INDIAN NATIONS COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	165,516
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Inventory		(1,676)
Equipment		4,514
Accrued expenses		(1,781)
Accrued payroll		19,390
PPP loan		(160,604)
Deferred revenue		(6,405)
Net Cash (Used) by Operating Activities		18,954
Cash and Cash Equivalents - Beginning of Year		798,300
Cash and Cash Equivalents - End of Year	$	817,254

See accompanying notes to financial statements.

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: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

- *Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Functional Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs and occupancy expenses are allocated based on time and effort. The financial statements also report categories of expenses that are attributed to program service activities or supporting services activities. These expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

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, 2022. There was no bad debt expense for the year ending June 30, 2022.

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, 2022, the College had a bank balance of $817,254. The total uninsured bank balance at June 30, 2022 was $507,970.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The College would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the years ended June 30, 2022, 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 2021 and California returns for 2018 through 2021 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 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 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.

	2022
Financial assets, at year-end:	
Cash and cash equivalents	$ 817,254
Total financial assets, at year-end	817,254
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	$ 817,254

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, 2022.

NOTE 5 – CONTRIBUTED NONFINANCIAL ASSETS

The College received no nonfinancial assets during the year ended June 30, 2022.

NOTE 6 – SUBSEQUENT EVENTS

The College has evaluated all events or transactions that occurred from June 30, 2022 to September 27, 2023 the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.

OTHER INDEPENDENT AUDITORS' REPORTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
California Indian Nations College
Palm Desert, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the California Indian Nations College (the "College") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated September 27, 2023.

Report on Internal Controls Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California
September 27, 2023

FINDINGS AND QUESTIONED COSTS SECTION

CALIFORNIA INDIAN NATIONS COLLEGE
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

CALIFORNIA INDIAN NATIONS COLLEGE
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

There were no audit findings related to the financial statements during fiscal year 2022.

CALIFORNIA INDIAN NATIONS COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

There were no audit findings related to the financial statements during fiscal year 2021.