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# CALIFORNIA INDIAN NATIONS COLLEGE

## AUDIT REPORT

## JUNE 30, 2024

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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

***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, 2024, 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, 2024, 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 Auditors' 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 auditors' 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.

CWDL, Certified Public Accountants

San Diego, California
May 7, 2025

# FINANCIAL STATEMENTS

**CALIFORNIA INDIAN NATIONS COLLEGE**
**STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2024**

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 919,714 |
| Investments | | 5,212,280 |
| Inventory | | 23,399 |
| Equipment, net of accumulated depreciation | | 44,260 |
| **Total Assets** | $ | 6,199,653 |
| | | |
| **LIABILITIES** | | |
| Accrued payroll and benefits | $ | 29,008 |
| Deferred revenue | | 28,595 |
| **Total Liabilities** | | 57,603 |
| | | |
| **NET ASSETS** | | |
| Net assets without donor restrictions | | 6,142,050 |
| **Total Net Assets** | | 6,142,050 |
| **Total Liabilities and Net Assets** | $ | 6,199,653 |

See accompanying notes to financial statements.

**CALIFORNIA INDIAN NATIONS COLLEGE**
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | | Net Assets Without Donor Restrictions |
|---|---|---|
| **SUPPORT AND REVENUE** | | |
| Donations | $ | 1,590,909 |
| Grant income | | 25,000 |
| Interest income | | 2,340 |
| Other income | | 271,473 |
| **Total Support and Revenue** | | 1,889,722 |
| | | |
| **EXPENSES** | | |
| Program | | 1,813,665 |
| Operating | | 1,070,006 |
| Fundraising | | 164,611 |
| **Total Expenses** | | 3,048,282 |
| | | |
| **Change in Net Assets** | | (1,158,560) |
| | | |
| **Net Assets – Beginning of Year** | | 7,300,610 |
| | | |
| **Net Assets – End of Year** | $ | 6,142,050 |

See accompanying notes to financial statements.

**CALIFORNIA INDIAN NATIONS COLLEGE**
**STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | Program | Operating | Fundraising | Total |
|---|---|---|---|---|
| Payroll – Academics | $ 743,475 | $ – | $ – | $ 743,475 |
| Payroll – Student Affairs | 501,537 | – | – | 501,537 |
| Payroll – Fundraising | – | – | 86,220 | 86,220 |
| Payroll – Administration | – | 536,064 | – | 536,064 |
| Benefits & Employer costs | 242,985 | 108,409 | 22,429 | 373,823 |
| Office expenses | 505 | 6,217 | – | 6,722 |
| Departmental Expenses | 6,247 | 12,386 | 5,000 | 23,633 |
| Advertising & marketing | 5,000 | 10,210 | 50 | 15,260 |
| Depreciation | – | 4,918 | – | 4,918 |
| Contract services | 147,499 | 235,174 | 4,150 | 386,823 |
| Legal & professional services | 5,000 | 14,265 | – | 19,265 |
| Library/Textbooks | 25,279 | 10,000 | – | 35,279 |
| Memberships & Subscriptions | 3,199 | 4,541 | 5,080 | 12,820 |
| Student Events, Programs & Workshops | 62,399 | 49,427 | 26,944 | 138,770 |
| Travel | 35,409 | 30,161 | 14,213 | 79,783 |
| Website | 35,131 | 48,234 | 525 | 83,890 |
| | $ 1,813,665 | $ 1,070,006 | $ 164,611 | $ 3,048,282 |

See accompanying notes to financial statements.

**CALIFORNIA INDIAN NATIONS COLLEGE**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ | (1,158,560) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Unrealized gains on investments | | (271,435) |
| Depreciation | | 4,918 |
| Accrued payroll and benefits | | 4,399 |
| **Net cash flows used in operating activities** | | (1,420,678) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions to equipment | | (47,084) |
| Proceeds from maturity of investments | | 191,677 |
| **Net cash flows from investing activities** | | 144,593 |
| **Net decrease in cash and cash equivalents** | | (1,276,085) |
| **Cash and Cash Equivalents - Beginning of Year** | | 2,195,799 |
| **Cash and Cash Equivalents - End of Year** | $ | 919,714 |

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.

Investments: Investments in marketable securities are carried at fair value. Net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments is reported in the statement of activities. Investment income, which consists of interest, dividends, realized gains or losses and the unrealized appreciation (depreciation) of those investments, is reported in the statement of activities. Investment income is accrued as earned. Security transactions are recorded on a trade date basis.

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital Assets: California Indian Nations College has adopted a policy to capitalize asset purchases over $5,000. Lesser amounts are expensed. Capital assets are depreciated using the straight-line method.

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, 2024. There was no bad debt expense for the year ending June 30, 2024.

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, 2024, the College had a bank balance of $919,714. The total uninsured bank balance at June 30, 2024 was $669,714.

**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 year ended June 30, 2024, 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 2020 through 2023 and California returns for 2020 through 2023 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 2016-13 – Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*
ASU 2016-13 introduces the current expected credit loss (CECL) model, which requires immediate recognition of expected credit losses for financial assets measured at amortized cost. This guidance is effective for the College for fiscal years beginning after December 15, 2022 (i.e., for the year ending June 30, 2024). The College has evaluated the impact of this standard and determined that due to the limited number and nature of its financial assets, it does not expect the adoption to have a material impact on its financial statements.

## 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.

| | | |
|---|---|---|
| Financial assets, at year-end: | | |
| Cash and cash equivalents | $ | 919,714 |
| Investments | | 5,212,280 |
| Total financial assets, at year-end | | 6,131,994 |
| | | |
| Restrictions for specific purposes: | | |
| Donor designated | | – |
| Total contractual or donor-imposed restrictions | | – |
| | | |
| Financial assets to available to meet cash needs for general expenditure within one year | $ | 6,131,994 |

## NOTE 3 – FAIR VALUE MEASUREMENT

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

**NOTE 3 – FAIR VALUE MEASUREMENT** (Continued)

| Description | Fair Value | Level 1 | Level 2 | Level 3 | Other–NAV |
|---|---|---|---|---|---|
| Investment securities: | | | | | |
| Fixed income – mutual funds | $ 4,713,010 | $ 4,713,010 | $ – | $ – | $ – |
| US Treasury bills | 499,270 | 499,270 | – | – | – |
| Total assets measured at fair value | $ 5,212,280 | $ 5,212,280 | $ – | $ – | $ – |

**NOTE 4 – 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 5 – RESTRICTIONS ON NET ASSETS**

The College held no net assets with donor restrictions at June 30, 2024.

**NOTE 6 – CONTRIBUTED NONFINANCIAL ASSETS**

The College received no nonfinancial assets during the year ended June 30, 2024.

**NOTE 7 – SUBSEQUENT EVENTS**

The College has evaluated all events or transactions that occurred from June 30, 2024 to May 7, 2025 the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.