



Financial Statements
June 30, 2016

American Indian College Fund

(With Comparative Totals for 2015)

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Independent Auditor's Report

The Board of Trustees
American Indian College Fund
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of American Indian College Fund which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 American Indian College Fund as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited American Indian College Fund's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Golden, Colorado
October 15, 2016

American Indian College Fund
Statement of Financial Position
June 30, 2016
(with comparative totals for 2015)

	2016	2015
Assets		
Cash and cash equivalents	\$ 2,306,446	\$ 1,836,950
Operating investments	13,570,841	17,724,545
Prepaid expenses and other assets	165,267	129,916
Promises to give, net	6,002,046	4,318,228
Donated assets held for resale	42,492	42,842
Property and equipment, net	2,165,029	955,673
Investments held for others	600,292	622,390
Endowment		
Cash and cash equivalents	118,821	1,180,003
Promises to give, net	416,200	69,000
Investments	49,332,624	46,008,513
Total assets	\$ 74,720,058	\$ 72,888,060
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 525,772	\$ 646,674
Investments held for others	600,292	622,390
Total liabilities	1,126,064	1,269,064
Net Assets		
Unrestricted		
Undesignated	7,842,965	12,788,809
Board-designated endowment	16,448,395	14,026,127
	24,291,360	26,814,936
Temporarily restricted	21,124,209	17,623,789
Permanently restricted	28,178,425	27,180,271
Total net assets	73,593,994	71,618,996
Total liabilities and net assets	\$ 74,720,058	\$ 72,888,060

American Indian College Fund
Statement of Activities
Year Ended June 30, 2016
(with comparative totals for 2015)

	2016			Total	2015
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support, Revenue and Gains					
Contributions	\$ 10,201,945	\$ 12,461,666	\$ 998,154	\$ 23,661,765	\$ 14,594,837
Contributed public service announcements	6,005,757	-	-	6,005,757	1,751,377
Net investment return	443,506	282,822	-	726,328	865,497
Other revenue	8,617	-	-	8,617	21,754
Gross special events revenue	395,333	-	-	395,333	2,743,507
Less cost of direct benefits to donors	(273,879)	-	-	(273,879)	(688,943)
Net special events revenue	121,454	-	-	121,454	2,054,564
Net assets released from restrictions	9,244,068	(9,244,068)	-	-	-
Total support, revenue and gains	26,025,347	3,500,420	998,154	30,523,921	19,288,029
Expenses and Losses					
Program services expense					
Scholarships and grants	15,220,994	-	-	15,220,994	15,181,326
Public education	1,382,839	-	-	1,382,839	3,099,696
Total program expenses	16,603,833	-	-	16,603,833	18,281,022
Supporting services expense					
Administrative	1,221,181	-	-	1,221,181	1,228,743
Donor development	10,666,307	-	-	10,666,307	3,459,474
Total supporting services expenses	11,887,488	-	-	11,887,488	4,688,217
Loss on disposal of assets	57,602	-	-	57,602	59,336
Total expenses and losses	28,548,923	-	-	28,548,923	23,028,575
Change in Net Assets	(2,523,576)	3,500,420	998,154	1,974,998	(3,743,546)
Net Assets, Beginning of Year	26,814,936	17,623,789	27,180,271	71,618,996	75,362,542
Net Assets, End of Year	<u>\$ 24,291,360</u>	<u>\$ 21,124,209</u>	<u>\$ 28,178,425</u>	<u>\$ 73,593,994</u>	<u>\$ 71,618,996</u>

American Indian College Fund
Statement of Functional Expenses
Year Ended June 30, 2016
(with comparative totals for 2015)

	2016						
	Program Services			Administrative	Donor		2015
	Scholarships and Grants	Public Education	Total		Development	Total	
Salaries	\$ 1,216,341	\$ 353,265	\$ 1,569,606	\$ 516,162	\$ 1,142,907	\$ 3,228,675	\$ 3,010,426
Payroll taxes and benefits	349,542	110,425	459,967	162,809	313,185	935,961	875,449
Scholarships and grants	12,849,254	58,925	12,908,179	500	5,720	12,914,399	12,910,980
Advertising and marketing	41,467	292,726	334,193	-	2,615,048	2,949,241	1,746,899
Professional fees	229,696	88,863	318,559	425,305	444,810	1,188,674	1,175,513
Building and equipment	44,889	10,251	55,140	41,696	28,165	125,001	82,097
Cost of direct benefits to donors	-	-	-	-	273,879	273,879	688,943
Travel and meals	164,184	38,532	202,716	63,696	169,345	435,757	576,346
Board meetings	-	-	-	113,600	-	113,600	104,614
Office expenses	35,478	13,065	48,543	18,561	51,796	118,900	115,097
Publications, dues and subscriptions	41,839	17,058	58,897	11,902	12,032	82,831	93,057
Bank charges	-	-	-	67,647	-	67,647	62,942
Programatic conferences	106,676	-	106,676	-	-	106,676	98,835
Staff development	-	2,631	2,631	55,062	17,772	75,465	73,075
Insurance	16,539	4,788	21,327	7,475	15,233	44,035	42,636
Other expenses	3,028	23,163	26,191	40,739	46,318	113,248	114,741
Information technology	64,258	12,764	77,022	12,956	84,325	174,303	137,448
Noncash expenses							
Donated public service announcements	-	339,953	339,953	-	5,665,804	6,005,757	2,043,159
Depreciation	57,803	16,430	74,233	24,034	53,847	152,114	78,580
Total expenses by function	15,220,994	1,382,839	16,603,833	1,562,144	10,940,186	29,106,163	24,030,837
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	(273,879)	(273,879)	(688,943)
Expense on rental property	-	-	-	-	-	-	(14,665)
Investment management fees	-	-	-	(340,963)	-	(340,963)	(357,990)
Total expenses included in the expense section on the statement of activities	\$ 15,220,994	\$ 1,382,839	\$ 16,603,833	\$ 1,221,181	\$ 10,666,307	\$ 28,491,321	\$ 22,969,239

See Notes to Financial Statements

American Indian College Fund
Statement of Cash Flows
Year Ended June 30, 2016
(with comparative totals for 2015)

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 1,974,998	\$ (3,743,546)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	152,114	78,580
Realized and unrealized (gain) loss on operating investments	(207,121)	22,147
Loss on disposal of assets	57,602	59,336
Contributed property and equipment capitalized	-	1,722
Contributions restricted to endowment	(998,154)	(1,133,339)
Endowment net investment return	(331,346)	(620,634)
Changes in operating assets and liabilities		
Promises to give, net	(1,683,818)	(1,550,207)
Prepaid expenses and other assets	(35,351)	17,859
Accounts payable and accrued expenses	(120,902)	166,763
Advance for administrative costs	-	(471,000)
Agency liability	-	(2,847,093)
Net Cash used for Operating Activities	(1,191,978)	(10,019,412)
Cash Flows from (used for) Investing Activities		
Purchases of operating investments	(139,175)	(206,170)
Proceeds from sales of operating investments	4,500,000	4,000,000
Purchases of property and equipment	(1,419,072)	(333,422)
Proceeds from sales of property and equipment	350	829,962
(Additions to) withdrawal from endowment	(2,992,765)	(769,604)
Net Cash from (used for) Investing Activities	(50,662)	3,520,766
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	1,712,136	1,008,396
Net Cash from Financing Activities	1,712,136	1,008,396
Net Change in Cash and Cash Equivalents	469,496	(5,490,250)
Cash and Cash Equivalents, Beginning of Year	1,836,950	7,327,200
Cash and Cash Equivalents, End of Year	\$ 2,306,446	\$ 1,836,950

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The American Indian College Fund (the College Fund, we, us, our) transforms Indian higher education by funding and creating awareness of the unique, community-based accredited tribal colleges and universities, offering students access to knowledge, skills, and cultural values which enhance their communities and the country as a whole. During our 2016 fiscal year, we provided scholarships to over 4,100 students seeking to better their lives through higher education. We also provided support for tribal college needs, ranging from capital support to cultural preservation curricula. The College Fund serves large proportions of non-traditional students, those with dependent family members, first-generation college students, and many others who previously had little to no support for post-secondary education. The College Fund receives no local, state tax, or federal support. We work with the private sector to raise funds crucial to the success of American Indian students in achieving their academic and career-readiness goals.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment or other long-term purposes are excluded from this definition.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Promises to Give

We record unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2016 we determined that no allowance was necessary.

Property and Equipment

We record property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-one-and-one-half years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2016.

Investments Held For Others

We manage investments on behalf of the tribal colleges and universities. Assets received, investment return, and distributions are recorded as an increase or decrease in the asset and the related liability.

Perpetual Trust

We are the sole irrevocable beneficiary and trustee of a perpetual trust. The trust provides for the distribution of the net income of the trust to us; however, the assets of the trust are to be maintained in perpetuity. Trust assets are included in the Endowment.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Trustees for endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or our actions and/or the passage of time, and certain income earned on permanently restricted net assets that have not yet been appropriated for expenditure by our Board of Trustees.

We report contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by our actions. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. During the year ended June 30, 2016, we received donated television and radio air time and magazine and newspaper print space, with a total estimated value of \$6,005,757 to broadcast and publish our public service announcements.

Advertising Costs

Advertising costs, which include donated advertising, are expensed as incurred, and totaled \$8,954,998 during the year ended June 30, 2016.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation includes \$339,953 and \$5,665,804 in donated advertising allocated respectively to public education and donor development.

Income Taxes

The College Fund is organized as a Washington, D.C. nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purpose. We have filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. We did not incur significant income tax expense during the year ended June 30, 2016.

We believe that we have appropriate support for any tax positions taken affecting our annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements. We would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The College Fund's Forms 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2013.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, corporate partners, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the Investment Committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Subsequent Events

We have evaluated subsequent events through October 15, 2016, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset 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, 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 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 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 that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they are comprised of open-end mutual funds, domestic equities, and exchange traded master energy limited partnerships with readily determinable fair values based on daily redemption values and closing market prices. Domestic corporate bonds, U.S. Government obligations and domestic asset-backed mortgage securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

We use Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of a domestic fixed income fund, a domestic growth fund, pooled hedge funds, and a pooled floating-rate fund which do not have readily determinable fair values. Investments valued at NAV are classified within Level 2 because we have the ability to redeem the investments at NAV at the measurement date or within the near term.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2016:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Cash and money market funds (at cost)	\$ 457,985	\$ -	\$ -	\$ -
Domestic equities	48,231	48,231	-	-
Debt securities				
Domestic corporate bonds	9,941,152	-	9,941,152	-
U.S. Government obligations	1,272,271	-	1,272,271	-
Domestic asset-backed mortgage securities	1,851,202	-	1,851,202	-
	<u>\$ 13,570,841</u>	<u>\$ 48,231</u>	<u>\$ 13,064,625</u>	<u>\$ -</u>
Endowment investments				
Cash and money market funds (at cost)	\$ 1,391,243	\$ -	\$ -	\$ -
Domestic equities	97,428	97,428	-	-
Debt securities				
Domestic corporate bonds	2,903,903	-	2,903,903	-
Domestic equity index mutual funds	25,289,468	25,289,468	-	-
Investments in funds and partnerships				
Exchange traded energy master limited partnerships	2,424,188	2,424,188	-	-
Domestic fixed-income fund	4,343,968	-	4,343,968	-
Domestic growth fund	3,814,635	-	3,814,635	-
Pooled hedge funds	4,792,634	-	4,792,634	-
Pooled floating-rate fund	4,275,157	-	4,275,157	-
	<u>\$ 49,332,624</u>	<u>\$ 27,811,084</u>	<u>\$ 20,130,297</u>	<u>\$ -</u>

American Indian College Fund

Notes to Financial Statements

June 30, 2016

	<u>Fair Value Measurements at Report Date Using</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments held for others				
Cash and money market funds (at cost)	\$ 16,929	\$ -	\$ -	\$ -
Domestic equities	1,186	1,186	-	-
Debt securities				
Domestic corporate bonds	35,335	-	35,335	-
Domestic equity index mutual funds	307,729	307,729	-	-
Investments in funds and partnerships				
Exchange traded energy master limited partnerships	29,498	29,498	-	-
Domestic fixed-income fund	52,859	-	52,859	-
Domestic growth fund	46,417	-	46,417	-
Pooled hedge funds	58,318	-	58,318	-
Pooled floating-rate fund	52,021	-	52,021	-
	<u>\$ 600,292</u>	<u>\$ 338,413</u>	<u>\$ 244,950</u>	<u>\$ -</u>

Investments in certain entities that calculate NAV per share are as follows at June 30, 2016:

	<u>Number of Investments</u>	<u>Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u> □	<u>Redemption Notice Period</u>
Domestic fixed-income fund	1	\$ 4,396,827	\$ -	Daily	None
Domestic growth fund	1	3,861,052	-	25% Quarterly	90 Days
Pooled hedge funds	2	4,850,952	-	Monthly	30 Days
Pooled floating-rate fund	1	4,327,178	-	Quarterly	30 Days
		<u>\$ 17,436,009</u>	<u>\$ -</u>		

Domestic Fixed Income Fund – Fund focused on fixed income investments primarily in the United States.

Domestic Growth Fund – Fund that utilizes a multi-manager structure to pursue a variety of long-term growth strategies. The fund is a comingled investment that seeks, over time, to achieve long-term return while attempting to limit volatility.

Pooled Hedge Funds – Funds that can invest in multiple strategies, including long and short positions in liquid global equity, exchange traded funds, futures, forwards, swaps, currency and futures options contracts. Fund managers may invest in value, growth, or event-driven equity opportunities and typically are not restricted by market capitalization, industry sector, or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.

Pooled Floating-Rate Fund – Fund seeks to maximize total returns by investing primarily in senior secured, floating rate loans of non-investment grade companies, and can invest in a variety of strategies. The fund also invests in floating rate bonds, notes or other debentures.

Note 3 - Net Investment Return

Net investment return consists of the following for the year ended June 30, 2016:

Operating investments	
Interest and dividends	\$ 323,088
Net realized and unrealized gain (loss)	207,121
Less investment management and custodial fees	<u>(135,227)</u>
	<u>394,982</u>
Endowment investments	
Interest and dividends	602,148
Net realized and unrealized gain (loss)	(65,066)
Less investment management and custodial fees	<u>(205,736)</u>
	<u>331,346</u>
	<u>\$ 726,328</u>

Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2016:

Within one year	\$ 3,475,246
In one to five years	2,933,000
In excess of five years	<u>10,000</u>
	<u>\$ 6,418,246</u>

Promises to give appear as follows in the statement of financial position:

Promises to give, net	\$ 6,002,046
Endowment promises to give, net	<u>416,200</u>
	<u>\$ 6,418,246</u>

Promises to give due in more than one year are not discounted to present value because the amount of the discount is immaterial.

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2016:

Land	\$ 100,000
Building and improvements	2,294,704
Furniture and equipment	455,204
	2,849,908
Less accumulated depreciation	(684,879)
	\$ 2,165,029

Note 5 - Endowments

Our endowment (the Endowment) consists of approximately 120 individual funds established by donors to provide annual funding for scholarships and support to tribal college students and tribal colleges. The Endowment also includes certain unrestricted net assets designated for endowment by the Board of Trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Our Board of Trustees has interpreted the Washington, D.C. Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2016, there were no such donor stipulations. As a result of this interpretation, we classify as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), 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. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2016, we had the following endowment net asset composition by type of fund:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment	\$ 16,448,395	\$ -	\$ -	\$ 16,448,395
Leibowitz trust	-	-	2,606,721	2,606,721
Donor-restricted endowment	-	5,240,825	25,571,704	30,812,529
	<u>\$ 16,448,395</u>	<u>\$ 5,240,825</u>	<u>\$ 28,178,425</u>	<u>\$ 49,867,645</u>

Investment and Spending Policies

We have adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Our Board of Trustees appropriates amounts for distribution each year as necessary to fund scholarship and grant expenses as determined by the Board of Trustees. In establishing this policy, the Board of Trustees considered the long-term expected return on the endowment and current needs. Accordingly, over the long term, we expect the current spending policy to preserve the permanently restricted net assets of the endowment. This is consistent with our objective to preserve the original fair values of the original gifts made to the Endowment as well as to provide an opportunity for real growth through new gifts and undistributed investment return.

Changes in Endowment net assets for the year ended June 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 14,026,127	\$ 6,051,118	\$ 27,180,271	\$ 47,257,516
Investment return				
Investment income, net of fees	127,331	269,080	-	396,411
Net realized and unrealized gain (loss)	(44,493)	(20,572)	-	(65,065)
	<u>82,838</u>	<u>248,508</u>	<u>-</u>	<u>331,346</u>
Contributions	-	-	998,154	998,154
Distributions	(485,570)	(1,058,801)	-	(1,544,371)
Addition to board-designated endowment funds	<u>2,825,000</u>	<u>-</u>	<u>-</u>	<u>2,825,000</u>
Endowment net assets, end of year	<u>\$ 16,448,395</u>	<u>\$ 5,240,825</u>	<u>\$ 28,178,425</u>	<u>\$ 49,867,645</u>

Note 6 - Restricted Net Assets

Temporarily restricted net assets at June 30, 2016, consist of:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 1,223,295
Restricted by donors for	
Scholarships and other support	5,577,741
PhD and masters fellowships	777,351
Cultural preservation program	247,771
Early childhood education project	1,007,546
Achieving the Dream project	58,920
TCUs building sustainability pathways project	754,966
Research initiative	686,225
Arts and energy infrastructure project	2,671,337
Native Pathways to college	2,359,245
Other grants and programs	518,987
Unspent appreciation of Endowment funds which must be appropriated for expenditure before use	
Restricted by donors for	
Scholarships	3,581,488
Cultural preservation	1,220,738
TCU support, staff development and other	438,599
	5,240,825
	\$ 21,124,209

Net assets were released from restrictions as follows during the year ended June 30, 2016:

Expiration of time restrictions	\$ 525,000
Satisfaction of purpose restrictions	
Scholarships and other support	4,705,272
PhD, masters and research fellowships	339,192
Cultural preservation program	379,747
Tribal College leaders program	79,708
Early childhood education project	730,546
Achieving the Dream project	110,045
TCUs building sustainability pathways project	398,714
Research initiative	390,909
Arts and energy infrastructure project	328,663
Native Pathways to college	40,755
Other grants and programs	156,716
	<u>7,660,267</u>
Restricted-purpose appropriations	
Scholarships	832,931
Cultural preservation	176,000
TCU support, staff development and other	49,870
	<u>1,058,801</u>
	<u>\$ 9,244,068</u>

Permanently restricted net assets consist of a perpetual trust and endowment funds restricted by donors for investment in perpetuity. Distributions from the perpetual trust and earnings on endowment funds are available for the purposes specified by the donors, or in certain cases, for our unrestricted use. The permanently restricted net assets balances, classified by restriction on the use of earnings, are as follows at June 30, 2016:

Perpetual trust - distributions available for general use	\$ 2,606,721
Endowment	
Scholarships	20,687,568
Cultural preservation	3,020,000
TCU support, staff development and other	1,864,136
	<u>25,571,704</u>
	<u>\$ 28,178,425</u>

Note 7 - Employee Benefits

We sponsor a tax-deferred plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code covering substantially all full-time employees. The plan provides that employees who have attained the age of 21 may voluntarily contribute a percentage of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Trustees annually. During the year ended June 30, 2016, we contributed 2% of each qualifying employee's wages and matched employee voluntary contributions up to 5%, resulting in contributions to the plan of approximately \$163,000.

Note 8 - Related Party Transactions

Certain members of our Board of Trustees also serve as tribal college presidents. Those colleges are eligible, along with all other tribal colleges, to receive scholarship and other direct funding awards from the College Fund. Typically awards are distributed on an objective or equal basis among all the tribal colleges. During 2016, approximately \$2.9 million was distributed to tribal colleges whose presidents also serve as Trustees for the College Fund.

Note 9 - Contributions by Source

During the year ended June 30, 2016, contributions were received from the following sources:

Individuals	\$ 6,030,771
Bequests	5,735,895
Corporations and corporate foundations	2,442,185
Charitable foundations	9,452,914
	<hr/>
	\$ 23,661,765
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