Keegan Linscott & Associates, PC
Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

TOHONO O'ODHAM COMMUNITY COLLEGE

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2021)

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Keegan Linscott & Associates, PC

INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Management
Tohono O'odham Community College
Sells, Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Tohono O'odham Community College (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of cash flows and expenses by function and nature for the years then ended, and the related statement of activities for the year ended June 30, 2022, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2022 and 2021, and its cash flows for the years then ended and the changes in its net assets for the year ended June 30, 2022, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued (or within one year after the date that the consolidated financial statements are available to be issued, when applicable).

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 opinion. 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 GAAS and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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 May 11, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Organization'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 Organization's internal control over financial reporting and compliance.

Keegan Linscott & Associates, PC

Tucson, Arizona
May 11, 2023

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 13,892,205	$ 12,202,624
Investments	1,752,710	1,631,690
Accounts receivable, net	434,030	267,955
Unbilled grants receivable	1,610,392	3,391,692
Contributions receivable	300,000	300,000
Inventory	145,281	273,991
Prepaid expenses	7,509	4,584
Total current assets	18,142,127	18,072,536
Beneficial interest in funds held by others	399,649	445,771
Capital assets, net	10,121,537	10,579,500
Total assets	$ 28,663,313	$ 29,097,807
Liabilities		
Current liabilities		
Accounts payable	$ 973,292	$ 988,965
Accrued expenses	574,144	580,058
Unearned revenue	11,850,560	10,768,426
Total current liabilities	13,397,996	12,337,449
Total liabilities	13,397,996	12,337,449
Net Assets		
Without donor restrictions	14,613,165	15,964,945
With donor restrictions	652,152	795,413
Total net assets	15,265,317	16,760,358
Total liabilities and net assets	$ 28,663,313	$ 29,097,807

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Summarized Total 2021
Revenues and Other Support				
Tuition and fees	$ 1,160,231	$ -	$ 1,160,231	$ 881,048
Legislative appropriation	4,853,376	-	4,853,376	4,853,376
Government grants	7,078,373	384,572	7,462,945	9,671,483
Gifts	44,236	-	44,236	20,705
Bookstore sales	117,739	-	117,739	96,495
Investment (loss) income, net	(213,092)	(15,255)	(228,347)	165,656
Miscellaneous income	26,418	-	26,418	6,540
Development revenues	-	-	-	78,861
Net assets released from restrictions	512,578	(512,578)	-	-
Total revenues and other support	13,579,859	(143,261)	13,436,598	15,774,164
Expenses				
Educational program services				
Instruction	1,931,147	-	1,931,147	1,632,386
Student services	1,998,488	-	1,998,488	1,766,387
Student life	370,670	-	370,670	333,702
Auxiliary enterprises	332,481	-	332,481	349,127
Sponsored projects	2,180,287	-	2,180,287	2,052,295
New campus development	323,045	-	323,045	23,715
Total program services	7,136,118	-	7,136,118	6,157,612
Supporting services				
Academic support	1,063,456	-	1,063,456	944,044
Student financial aid	1,372,688	-	1,372,688	926,650
Sustainability	170,029	-	170,029	159,084
Cultural	108,632	-	108,632	89,676
Operations & maintenance	909,602	-	909,602	955,078
Institutional support	4,171,114	-	4,171,114	3,886,653
Total expenses	14,931,639	-	14,931,639	13,118,797
Change in net assets	(1,351,780)	(143,261)	(1,495,041)	2,655,367
Net assets, beginning of year	15,964,945	795,413	16,760,358	14,104,991
Net assets, end of year	$ 14,613,165	$ 652,152	$ 15,265,317	$ 16,760,358

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2022
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	Instruction	Student Services	Student Life	Auxiliary Enterprises	Sponsored Projects	New Campus Development	Total Educational Program Services
Salaries and wages	$ 1,500,120	$ 786,438	$ 269,660	$ 155,502	$ 905,919	$ -	$ 3,617,639
Payroll taxes	112,718	58,266	20,517	11,620	93,860	-	296,981
Payroll benefits	144,555	150,999	35,210	39,574	170,047	-	540,385
Total personnel	1,757,393	995,703	325,387	206,696	1,169,826		4,455,005
Advertisement and promotion	-	1,189	-	5,145	14,662	-	20,996
Auto	10,233	3,687	1,809	3,233	20,567	-	39,529
Awards and gifts	1,321	114,500	-	-	-	-	115,821
Bad debt	11,206	11,597	2,151	1,929	12,651	1,875	41,409
Communications	40	570	-	-	667	-	1,277
Cost of goods sold	-	-	-	20,925	169,112	-	190,037
Dues and memberships	2,627	285	-	8,506	-	-	11,418
Employee training and recruiting	-	22,438	-	937	6,600	-	29,975
Equipment	408	35,285	-	-	56,124	219,280	311,097
Grant expense	-	-	-	-	1,200	-	1,200
Insurance	-	-	-	-	3,845	-	3,845
Meals and events	-	16,521	1,140	3,806	725	-	22,192
Meeting expense	7,398	1,950	-	-	8,899	-	18,247
Miscellaneous	-	-	-	2,626	665	-	3,291
Occupancy	-	3,198	-	-	221	-	3,419
Printing and postage	-	1,095	-	-	169	-	1,264
Professional	800	7,500	-	5,789	142,721	74,547	231,357
Repair and maintenance	-	-	-	-	101,010	-	101,010
Student benefits	-	628,868	15,662	-	138,903	-	783,433
Subcontractor	-	-	-	15,006	161,318	10,166	186,490
Supplies	32,765	36,533	4,687	32,621	46,033	-	152,639
Travel	4,271	10,693	104	6,521	8,136	-	29,725
Tuition and program	-	610	20	1,062	300	-	1,992
Total expenses before depreciation	1,828,462	1,892,222	350,960	314,802	2,064,354	305,868	6,756,668
Depreciation	102,685	106,266	19,710	17,679	115,933	17,177	379,450
Total expenses	$ 1,931,147	$ 1,998,488	$ 370,670	$ 332,481	$ 2,180,287	$ 323,045	$ 7,136,118

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2022

	Academic Support	Student Financial Aid	Sustainability	Cultural	Operations & Maintenance	Institutional Support	Total
Salaries and wages	$ 176,043	$ -	$ 121,764	$ 66,468	$ 338,583	$ 1,258,949	$ 5,579,446
Payroll taxes	13,706	-	9,071	5,020	25,914	93,691	444,383
Payroll benefits	49,797	-	19,910	12,036	83,584	217,400	923,112
Total personnel	239,546	-	150,745	83,524	448,081	1,570,040	6,946,941
Advertisement and promotion	-	-	3,422	-	-	5,667	30,085
Auto	83	-	1,809	976	67,174	50,433	160,004
Awards and gifts	35,850	-	-	-	-	27,516	179,187
Bad debt	6,171	7,965	987	630	5,278	24,203	86,643
Communications	-	-	-	-	-	149,740	151,017
Cost of goods sold	108,987	-	-	-	-	-	299,024
Dues and memberships	13,981	-	-	-	-	100,108	125,507
Employee training and recruiting	-	-	-	-	-	-	29,975
Equipment	3,094	-	325	-	-	20,778	335,294
Grant expense	546,097	-	-	-	-	-	547,297
Insurance	-	-	-	-	-	131,654	135,499
Meals and events	2,000	-	-	651	-	2,112	26,955
Meeting expense	4,706	-	307	699	-	14,219	38,178
Miscellaneous	11,484	-	-	-	-	105,580	120,355
Occupancy	-	-	-	-	209,487	66,988	279,894
Printing and postage	-	-	-	-	-	23,007	24,271
Professional	15,250	-	-	6,060	-	307,592	560,259
Repair and maintenance	-	-	-	-	5,222	-	106,232
Student benefits	5,250	-	-	4,275	10,706	812,895	1,616,559
Subcontractor	7,075	-	-	-	114,694	318,392	626,651
Supplies	5,840	744	2,484	6,041	594	213,926	382,268
Travel	1,495	-	909	-	-	4,121	36,250
Tuition and program	-	1,290,989	-	-	-	350	1,293,331
Total expenses before depreciation	1,006,909	1,299,698	160,988	102,856	861,236	3,949,321	14,137,676
Depreciation	56,547	72,990	9,041	5,776	48,366	221,793	793,963
Total expenses	$ 1,063,456	$ 1,372,688	$ 170,029	$ 108,632	$ 909,602	$ 4,171,114	$ 14,931,639

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2021
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	Instruction	Student Services	Student Life	Auxiliary Enterprises	Sponsored Projects	New Campus Development	Total Educational Program Services
Salaries and wages	$ 1,233,355	$ 671,266	$ 246,178	$ 184,430	$ 1,045,419	$ -	$ 3,380,648
Payroll taxes	93,521	53,712	19,679	15,060	198,067	-	380,039
Payroll benefits	107,761	130,261	43,723	41,909	146,144	-	469,798
Total personnel	1,434,637	855,239	309,580	241,399	1,389,630		4,230,485
Advertisement and promotion	-	5,972	-	6,303	7,215	-	19,490
Auto	4,964	3,662	1,807	3,131	31,390	-	44,954
Awards and gifts	6,354	-	-	-	13,097	-	19,451
Bad debt	11,597	12,555	2,379	2,489	14,823	17	43,860
Communications	-	1,071	-	-	733	-	1,804
Cost of goods sold	-	-	-	19,801	-	-	19,801
Dues and memberships	40	626	-	8,194	2,568	-	11,428
Employee training and recruiting	-	11,785	-	816	-	-	12,601
Equipment	17,393	38,782	-	-	63,194	-	119,369
Grant expense	-	-	-	-	-	-	-
Insurance	-	-	-	-	5,318	-	5,318
Meals and events	-	15,605	-	3,065	-	-	18,670
Meeting expense	3,881	1,510	-	-	1,163	-	6,554
Miscellaneous	-	-	-	3,140	734	-	3,874
Occupancy	-	2,218	-	-	-	-	2,218
Printing and postage	-	-	-	-	-	-	-
Professional	2,000	3,480	-	3,410	66,900	-	75,790
Repair and maintenance	-	-	-	-	2,531	23,569	26,100
Student benefits	-	688,053	-	-	66,461	-	754,514
Subcontractor	3,698	3,750	-	14,289	123,437	-	145,174
Supplies	57,905	22,171	942	15,066	131,665	-	227,749
Travel	1,155	722	252	6,389	12,019	-	20,537
Tuition and program	1,729	4,968	887	2,955	8,178	-	18,717
Total expenses before depreciation	1,545,353	1,672,169	315,847	330,447	1,941,056	23,586	5,828,458
Depreciation	87,033	94,218	17,855	18,680	111,239	129	329,154
Total expenses	$ 1,632,386	$ 1,766,387	$ 333,702	$ 349,127	$ 2,052,295	$ 23,715	$ 6,157,612

CONSOLIDATED STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2021
Page 2 of 2

	Academic Support	Student Financial Aid	Sustainability	Cultural	Operations & Maintenance	Institutional Support	Total
Salaries and wages	$ 268,025	$ -	$ 111,112	$ 67,545	$ 377,602	$ 1,311,497	$ 5,516,429
Payroll taxes	19,964	-	9,304	5,509	31,619	98,533	544,968
Payroll benefits	66,995	-	21,118	11,185	99,962	211,229	880,287
Total personnel	354,984	-	141,534	84,239	509,183	1,621,259	6,941,684
Advertisement and promotion	-	-	-	-	-	6,051	25,541
Auto	1,807	-	1,876	-	51,587	43,721	143,945
Awards and gifts	-	-	-	-	-	-	19,451
Bad debt	6,731	6,607	1,134	639	6,809	27,751	93,531
Communications	-	-	-	-	-	177,257	179,061
Cost of goods sold	46,307	-	-	-	-	-	66,108
Dues and memberships	20,067	-	-	-	-	93,437	124,932
Employee training and recruiting	-	-	-	-	-	6,588	19,189
Equipment	-	-	-	-	-	15,793	135,162
Grant expense	403,095	-	-	-	-	-	403,095
Insurance	-	-	-	-	-	98,541	103,859
Meals and events	1,215	-	-	-	-	2,275	22,160
Meeting expense	278	-	340	-	-	19,916	27,088
Miscellaneous	3,958	-	-	-	-	45,190	53,022
Occupancy	-	-	-	-	247,863	108,143	358,224
Printing and postage	-	-	-	-	-	34,722	34,722
Professional	16,290	-	-	-	-	254,944	347,024
Repair and maintenance	-	-	-	-	18,048	77,320	121,468
Student benefits	24,000	-	-	-	4,756	326,693	1,109,963
Subcontractor	8,286	-	-	-	64,848	302,043	520,351
Supplies	6,244	4,441	1,337	-	883	410,885	651,539
Travel	-	-	4,100	-	-	4,552	29,189
Tuition and program	271	866,022	251	-	-	1,313	886,574
Total expenses before depreciation	893,533	877,070	150,572	84,878	903,977	3,678,394	12,416,882
Depreciation	50,511	49,580	8,512	4,798	51,101	208,259	701,915
Total expenses	$ 944,044	$ 926,650	$ 159,084	$ 89,676	$ 955,078	$ 3,886,653	$ 13,118,797

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (1,495,041)	$ 2,655,367
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Provision for bad debt	86,865	200
Write-off of allowance for doubtful accounts	(222)	93,331
Depreciation	793,963	701,915
Net realized and unrealized gain on investments	213,795	(54,561)
Net realized and unrealized gain on beneficial interest in funds held by others	48,275	(64,451)
Contributions restricted for permanent investment	-	(5,737)
Changes in operating assets and liabilities		
Accounts receivable	(252,718)	(118,079)
Unbilled grants receivable	1,781,300	(2,715,836)
Contributions receivable	-	300,000
Inventory	128,710	(158,769)
Prepaid expenses	(2,925)	18,932
Accounts payable	(15,673)	530,033
Accrued expenses	(5,914)	129,366
Unearned revenue	1,082,134	9,975,888
Net cash provided by operating activities	2,362,549	11,287,599
Cash Flows from Investing Activities		
Purchases of capital assets	(336,000)	(2,751,295)
Proceeds from sale of investments	13,000	301,582
Purchases of investments	(347,815)	(354,288)
Contributions and reinvestments in beneficial interest in funds held by others	(2,153)	(7,085)
Net cash used in investing activities	(672,968)	(2,811,086)
Cash Flows from Financing Activities		
Collection of contributions restricted for permanent investment in endowment	-	5,737
Net cash provided by financing activities	-	5,737
Net change in cash and cash equivalents	1,689,581	8,482,250
Cash and cash equivalents, beginning of year	12,202,624	3,720,374
Cash and cash equivalents, end of year	$ 13,892,205	$ 12,202,624

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

Tohono O'odham Community College ("TOCC") is a nonprofit organization chartered by Tohono O'odham Nation (the "Nation") as a separate legal entity in 1998. TOCC's mission is to enhance the unique Tohono O'odham Himdag by strengthening individuals, families and communities through holistic, quality, higher education services. These services include research opportunities and programs that address academic, life and development skills. TOCC's main sources of revenue are the Nation's appropriations, government grants and tuition.

Tohono O'odham Community College Development, LLC ("Development") a single member limited liability company, was formed by TOCC during 2012, to provide construction services and the operation of apprenticeship programs. As a limited liability company, the member's liability is limited. TOCC is the sole member of Development.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TOCC and Development (collectively the "Organization") and are not intended to present the financial position and activity of the Nation in it's entirety. All material inter-company balances and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("U.S. GAAP") that the Organization follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to U.S. GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the provisions of ASC 958, *Not-for-Profit Entities*. Under this authoritative guidance, the Organization is required to provide consolidated financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- **Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. All contributions are considered to be available for use without restriction unless specifically restricted by the donor.

- **With Donor Restrictions** – Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire through the passage of time. Net assets with donor restrictions also includes net assets that are subject to donor-imposed stipulations such that assets must be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the investment return of these assets on continuing operations which may be subject to certain restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Expenses are generally reported as decreases in net assets without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as increases in net assets without donor restrictions.

Endowment Funds

The Organization's endowments were established to support, further and enhance the mission of the Organization. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as assets that have been designated by the Board of Trustees. These endowments consist of one fund held and managed at the Community Foundation of Southern Arizona ("CFSA") and are comprised of agency advised funds. Agency advised funds represent assets transferred by the Organization to CFSA to establish an endowment for the benefit of the Organization (i.e., the Organization has specified themselves as the beneficiary). The Organization received grants from the U.S. Department of the Interior to establish the endowment fund. Under the terms of the grants, the Organization was required to deposit the federal grant funds and a match totaling 50% of the grant from any private or tribal source. If the Organization withdraws the corpus of the fund, the amount contributed by the Federal government must be returned to the Department of the Interior. The Organization has not made any withdrawals from the fund since its inception. The earnings are restricted for operating purposes.

The Organization has interpreted the "Management of Charitable Funds Act" (Arizona's version of the Uniform Prudent Management of Institutional Funds Act or UPMIFA), which underlies the Organization's net asset classification of donor-restricted endowment funds, as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) if applicable, accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the law, at which time those amounts will be reported as net assets without donor restrictions.

Accordingly, the Organization considers 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Endowment Funds (continued)

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that assume a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The primary purpose of the Organization is to maximize growth and earnings by the prudent investment of these funds.

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless precluded by donor intent or relevant laws and regulations. The Organization did not spend from underwater endowment funds during the year.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or current law requires the Organization to retain for a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2022 and 2021.

Revenue Recognition

Contributions

Government Grants - The Organization accounts for its government grants by first determining whether the transaction is an exchange transaction or a contribution. If the transaction is one in which each party to the transaction directly receives commensurate value, then the transaction is considered an exchange transaction and the Organization recognizes revenue in accordance with ASC 606. Government grants revenues from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred or services are provided. If the transaction is considered a contribution, then the Organization recognizes revenue in accordance with ASC 958-605. For the years ended June 30, 2022 and 2021, none of the Organization's government grants revenues were considered exchange transactions.

Contributions and Gifts - Contributions and gifts are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

- **Conditional** – Includes all contributions with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.

- **Unconditional** – Includes all contributions that do not contain a barrier to use and therefore are recorded as revenue once cash or a contribution is received. Donor imposed restrictions for time and/or purpose are not considered a significant barrier and thus these contributions are recorded as unconditional.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)
Contribution revenue is recorded when the unconditional promise to give is received. Under this method, the recognition of support for financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions is recognized once the relevant barriers of each contribution are met. If the funds are received from the donor before the relevant barriers are met, deferred revenue is recorded on the consolidated statement of financial position for the amount of funds provided by the donor. Consequently, government funded grants revenue which are considered conditional contributions are recognized when the related barriers to provide services are delivered and/or expenditures are incurred.

Donated Goods, Capital Assets and Services
Contributions of donated non-cash assets including goods and capital assets are recorded at their fair values on the date the asset is donated. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire capital assets are reported as restricted support. Absent explicit donor stipulations, contributions of long-lived assets or cash or other assets to be used to acquire or construct long-lived assets are reported as net assets without donor restrictions when placed in service.

Donated services are recognized as contributions at fair value when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation.

Exchange Transactions
The Organization recognizes tuition and fees, bookstore sales and development revenues in accordance with ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Tuition and Fees – The Organization's tuition and fees are paid by students and/or agencies on their behalf. Student tuition and fees are recognized in the fiscal year in which the academic programs are delivered, i.e. when the performance obligation is satisfied. Withdrawals that occur prior to a published deadline may receive a full or partial refund in accordance with the Organization's refund policy. Historically, refunds have not been significant. Payments for tuition are due, prior to the first day of the start of the academic term unless addressed by a payment plan in good standing. All payment plans must be complete prior to the end of the academic term. Generally, the Organization 's performance obligations are satisfied equally over the academic term. The Organization applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with the completion of the 2021-2022 academic year. The Organization determines the transaction price based on standard charges for goods and services provided reduced by discounts provided, relating to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

institutional scholarships and fellowships in accordance with the Organization 's policies. The majority of the Organization's students rely on funds received from various Federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended, to pay for a substantial portion of their tuition. These programs are subject to periodic review by the United States Department of Education ("ED"). Disbursements under each program are subject to disallowance by ED and repayment by the Organization. In addition, as an educational institution, the Organization is subject to licensure from various accrediting and state authorities and other regulatory requirements of ED. A receivable is recorded to the extent recorded revenues exceed payment received; conversely, unearned revenue is recorded when cash received exceeds earned revenues.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring services to the customer. Revenue is recorded based on the transaction price, which includes estimates of variable consideration. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Organization estimates the amount of variable consideration at the expected value based on its assessment of legal enforceability, anticipated performance and a review of specific transactions, historical experience and market and economic conditions. The Organization historically has not experienced any significant incidents affecting the defined levels of reliability and performance as required by the contracts.

Bookstore Sales – The Organization's campus bookstore sells textbooks and other educational related materials. These sales are recorded at a determined transaction price, which varies by item. The Organization records revenue from these sales upon delivery of the goods to the customer, which occurs at the point of sale. Performance obligations are determined to be the completed sale of each item.

Development Revenues – The Organization's development revenues relate to its apprenticeship programs which provide skilled labor services on projects located within the Tohono O'odham Nation. The Organization recognizes development revenues under fee-for-service agreements when skilled labor services are rendered. Performance obligations are determined based on the nature of the services provided. Management believes that an individual hour of skilled labor services provided to the client is considered one performance obligation, with the transaction price recognized as revenue when the performance obligations are transferred to the client. The Organization recognizes revenue over time since the client simultaneously receives and consumes the benefits of the services provided per each skilled labor hour. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

The timing of revenue recognition may not align with the right to invoice the customer. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability, such as unearned revenue is also recorded. If revenue is recognized in advance of the right to invoice, a contract asset, such as unbilled receivable is recorded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Disaggregated Revenue - As discussed previously, revenue from the bookstore sales are recognized at a point in time, whereas revenue from tuition and fees and development revenues are recognized over time. Total revenue recognized at a point in time and over time was as follows for the years ended June 30:

	2022	2021
Revenue recognized at a point in time	$ 117,739	$ 96,495
Revenue recognized over time	1,160,231	959,909
Total revenue	$ 1,277,970	$ 1,056,404

Cash and Cash Equivalents

For financial statement reporting purposes, the Organization considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates their fair values. The Organization places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit (see Note 14). The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash balances. All such accounts are monitored by management to mitigate risk.

Accounts and Grants Receivable

The Organization grants unsecured credit to its customers, the U.S. government and state agencies without interest. Accounts and grants receivable are stated at the amount that the Organization expects to collect from various governmental entities, students, and other funding sources on outstanding balances, net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects management's best estimate of the amounts that will not be collected and is based on management's assessment of the collectability of specific accounts and the aging of the receivable. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Recoveries of receivables previously written off are recorded when received. For accounts receivable as of June 30, 2022 and 2021, management estimated an allowance for uncollectible accounts of $173,286 and $86,421, respectively. For grants receivable, management considers the balance fully collectible as of June 30, 2022 and 2021.

Unbilled Grants Receivables

Unbilled receivables represent revenue earned during the reporting period but not billed to the funding agency until a future period, as specified per the related award agreements.

Contributions Receivable

The Organization accounts for contributions receivable to be made in future years as unconditional promises to give in the year the promise is made. If significant, contributions receivable to be received after one year are presented at their discounted present value at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. The fair value amount of contributions receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. All contributions receivable deemed to be uncollectible are written off. As of June 30, 2022 and 2021, management considered all contributions receivable to be collectible, therefore, no allowance for uncollectible promises has been provided.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Inventory

Inventory consists of textbooks and school supplies and is recorded at the lower of cost (first-in, first-out method) or net realizable value.

Investments

Debt and Equity Securities - Investments are accounted for in accordance with ASC 958-320, *Investments - Debt and Equity Securities*. Investments in debt and equity securities are valued at their fair values in the accompanying consolidated statements of financial position. Investment income, gains and losses are reported net of related investment fees in the consolidated statement of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Donated investments are recorded at fair value.

The Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, management evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the intent and ability to hold the investment. The Organization also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. Through June 30, 2022, the Organization has not experienced other-than-temporary impairment losses on its investments.

Beneficial Interest in Funds Held by Others

In accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, the Organization measures the fair value of agency advised funds held at the CFSA using the fair value of the underlying assets. Annual distributions from the funds are reported as investment income. Investment income, gains and losses are reported in the accompanying consolidated statements of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized.

CFSA on behalf of the Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the accompanying consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Beneficial Interest in Funds Held by Others (continued)

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, the Organization evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and its intent and ability to hold the investment. The Organization also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-then-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

Capital Assets

Capital assets are stated at cost if purchased, or fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Asset	Useful Life
Buildings and improvements	5 – 25 years
Land improvements	5 – 15 years
Leasehold improvements	5 – 6 years*
Office equipment	3 – 5 years
Furniture and fixtures	7 years
Machinery and equipment	3 – 7 years
Vehicles	5 years
Library books	10 years

*Leasehold improvements are amortized over the lesser of their useful lives or term of the corresponding lease.

The Organization capitalizes all expenditures for capital assets, including repairs or betterments that materially prolong the useful lives of assets, in excess of $5,000 with a useful life greater than one year. Repairs and maintenance for normal upkeep are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is recognized.

In accordance with ASC 360-10, *Property, Plant and Equipment*, the Organization periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2022, the Organization had not experienced impairment losses on its long-lived assets.

Advertising

Advertising costs are expensed as incurred. For the years ended June 30, 2022 and 2021, advertising expense was $30,085 and $25,541, respectively.

Functional Allocation of Expenses

The cost of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statement of activities. Expenses that can be identified with a specific program are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated to each function pro rata on the basis of total direct expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Tax Exempt Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Arizona income tax laws, and is classified as other than a private foundation under IRC Section 509(a)(2). Accordingly, no provision is made in the accompanying consolidated financial statements for federal and state income taxes. Income from certain activities not directly related to the Organization's tax-exempt purpose, however, may be subject to taxation as unrelated business income. Management is not aware of any matters which would cause the Organization to lose its tax-exempt status.

Management has considered its tax positions and believes that all positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

The Organization recognizes interest and penalties related to unrecognized tax benefits in miscellaneous expenses in the accompanying consolidated financial statements. During the years ended June 30, 2022 and 2021, the Organization did not recognize any interest and penalties.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Information

The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform with the current year presentation, with no effect on net assets.

3. Recent Accounting Pronouncements

Adopted as of June 30, 2022

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; materials and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose: 1) contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets; and 2) for each category of contributed nonfinancial

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Adopted as of June 30, 2022 (continued)

assets recognized: i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used; ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and v) the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The adoption of this ASU did not have a significant impact on the Organization's consolidated financial statements or related disclosures.

Not Adopted as of June 30, 2022

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required (see ASU No. 2018-11 below for optional transition method) for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available.

In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. This ASU is intended to reduce costs and ease implementation of the leases standard for financial statement preparers. ASU 2018-11 provides a new transition method and a practical expedient for separating components of a contract. The amendments ASU 2018-11 provide entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Consequently, an entity's reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard will continue to be in accordance with current U.S. GAAP in Topic 840, *Leases*. The amendments in ASU 2018-11 also provide lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue guidance (Topic 606). The effective date and transition requirements for the amendments in this update related to separating components of a contract are the same as the effective date and transition requirements in ASU 2016-02 (i.e., fiscal years beginning after December 15, 2022). All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this ASU must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected. The Organization is currently evaluating the effect these standards will have on the consolidated financial statements and disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Not Adopted as of June 30, 2022 (continued)
In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Organization does not intend to early adopt. The Organization is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and disclosures and does not expect the impact to be significant.

4. Liquidity and Availability of Resources

The following table shows a determination of the Organization's financial assets that are available to meet cash needs for general expenditures within one year as of June 30:

	2022	2021
Cash and cash equivalents	$ 13,892,205	$ 12,202,624
Investments	1,752,710	1,631,690
Accounts receivable, net	434,030	267,955
Unbilled grants receivable	1,610,392	3,391,692
Contributions receivable	300,000	300,000
Beneficial interest in funds held by others	399,649	445,771
Total financial assets	18,388,986	18,239,732
Less amounts unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions		
Endowment funds	103,953	103,953
Other donor restrictions	548,199	691,460
Board designations		
Building reserve	18,011	18,011
Operating reserve	1,800,000	1,800,000
Quasi-endowment	268,430	299,297
Financial assets available to meet cash needs for general expenditures within one year	$ 15,650,393	$ 15,327,011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Liquidity and Availability of Resources (continued)

The Organization is substantially supported by current year government grants and contracts and gifts, which are somewhat predictable. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's board of trustees has also established board designated building and operating reserves that are intended to provide an internal source of funds for building needs and unexpected operating needs. As of June 30, 2022 and 2021, the board designated building reserve had a balance of $18,011 and the board designated operating reserve had a balance of $1,800,000.

The Organization's board of trustees has also established a board designated quasi-endowment that is first intended to satisfy the matching requirements on its donor restricted endowment funds and secondly to provide an internal source of funds for unexpected operating needs. As of June 30, 2022 and 2021, the board designated quasi-endowment had a balance of $268,430 and $299,297, respectively.

5. Contributions Receivable

Contributions receivable consists of the following as of June 30:

	2022	2021
Receivables (one year)	$ 300,000	$ 300,000
Receivables (two to five years)	-	-
Contributions receivable, net	$ 300,000	$ 300,000

6. Investments

Investments are stated at fair value and consist of the following as of June 30:

	2022	2021
Mutual Funds	$ 1,752,710	$ 1,631,690
Total Investments	$ 1,752,710	$ 1,631,690

Investment income, net related to the Organization's investments consists of the following for the years ended June 30:

	2022	2021
Interest and dividend income	$ 39,886	$ 53,180
Realized and unrealized (loss) gain on investments, net	(213,795)	54,561
Change in value of beneficial interest	(46,122)	65,799
Investment fees	(8,316)	(7,884)
Total investment income, net	$ (228,347)	$ 165,656

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Fair Value Measurements

The Organization utilizes the fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization's financial assets are generally classified within Level 1 of the fair value hierarchy because they are valued using readily determinable fair values. The types of instruments valued based on readily determinable fair values in active markets include the Organization's mutual funds. Such instruments are classified within Level 1 of the fair value hierarchy.

The restricted investments held at the CFSA are categorized as Level 3 due to the lack of a market in which the Organization's units of participation in CFSA's pooled income trust (i.e., the beneficial interest) could be bought or sold. The Organization measures the fair value of its beneficial interest by taking its proportionate share of the fair value of the underlying assets.

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2022:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Intermediate Core Bond	$ 355,583	$ 355,583	$ -	$ -
Large Blend	161,806	161,806	-	-
Short Term Bond	355,639	355,639	-	-
High Yield Bond	86,709	86,709	-	-
Emerging Markets Bond	85,944	85,944	-	-
Intermediate Core-Plus Bond	707,029	707,029	-	-
	1,752,710	1,752,710	-	-
Beneficial interest in funds held by others	399,649	-	-	399,649
Total	$ 2,152,359	$ 1,752,710	$ -	$ 399,649

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Measurements (continued)

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2021:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Intermediate Core Bond	$ 316,372	$ 316,372	$ -	$ -
Large Blend	188,676	188,676	-	-
Short Term Bond	320,686	320,686	-	-
High Yield Bond	82,889	82,889	-	-
Emerging Markets Bond	80,176	80,176	-	-
Intermediate Core-Plus Bond	642,891	642,891	-	-
	1,631,690	1,631,690	-	-
Beneficial interest in funds held by others	445,771	-	-	445,771
Total	$ 2,077,461	$ 1,631,690	$ -	$ 445,771

The following table presents a reconciliation of the Level 3 beneficial interest in assets held by others measured at fair value for the years ended June 30:

	2022	2021
Fair value as of July 1	$ 445,771	$ 374,235
Contributions	-	5,737
Investment (loss) gain included in change in net assets	(40,660)	71,021
Fees	(5,462)	(5,222)
Fair value as of June 30	$ 399,649	$ 445,771

8. Capital Assets, Net

Capital assets, net consist of the following as of June 30:

	2022	2021
Buildings and improvements	$ 10,690,638	$ 7,169,955
Land improvements	4,835,735	4,835,735
Leasehold improvements	239,727	239,727
Office equipment	1,124,671	1,096,892
Furniture and fixtures	807,985	807,985
Machinery and equipment	117,522	117,522
Vehicles	232,136	232,136
Library books	149,227	149,227
Construction in progress	608,847	3,821,309
	18,806,488	18,470,488
Less accumulated depreciation	(8,684,951)	(7,890,988)
Property and equipment, net	$ 10,121,537	$ 10,579,500

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Net Assets with Donor Restriction

Net assets with donor restrictions were restricted for the following purposes as of June 30:

	2022	2021
Subject to expenditure for specified purpose:		
Scholarships	$ 148,233	$ 9,272
Capital campaign	725	725
Learning center	371,975	638,939
	520,933	648,939
Subject to the Organization's spending policy and appropriation:		
Original donor-restricted endowment gift amounts required to be maintained by donor		
U. S. Department of the Interior	103,953	103,953
Accumulated investment earnings, which, once appropriated, are expendable to support operations	27,266	42,521
Total	$ 652,152	$ 795,413

10. Endowment

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	$ 299,297	$ 146,474	$ 445,771
Investment return			
Investment income	1,441	712	2,153
Net depreciation	(32,308)	(15,967)	(48,275)
Total investment return	(30,867)	(15,255)	46,122
Endowment net assets, June 30, 2022	$ 268,430	$ 131,219	$ 399,649

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Endowment (continued)

Changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	$ 254,851	$ 119,384	$ 374,235
Investment return			
Investment income	911	437	1,348
Net appreciation	43,535	20,916	64,451
Total investment return	44,446	21,353	65,799
Contributions	-	5,737	5,737
Endowment net assets, June 30, 2021	$ 299,297	$ 146,474	$ 445,771

11. Pension Plan

TOCC participates in the Nation's retirement plan covering all employees. Participants are eligible to make voluntary contributions as of the first of the month following employment are eligible for employer contributions after completing six months of service. Participants can elect to make limited salary deferral contributions and the Organization has the option to make additional discretionary matching contributions to the plan. In addition, the Plan provides for employer basic contributions to be made on behalf of all eligible participants regardless of whether the participant makes voluntary contributions to the Plan. TOCC currently contributes 5% of employees' gross annual pay into the plan. The Organization's contributions under the plan were $266,440 and $279,824 in 2022 and 2021, respectively.

12. Related Party Transactions

The Legislative Council of the Nation has passed a series of resolutions appropriating certain funds to subsidize TOCC's operations through June 2022. The Organization received $4,853,376 in appropriations in 2022 and 2021, respectively. Future support under the board resolution for appropriations calls for yearly contributions of $4,853,376.

Development provided skilled labor services to the Tohono O'odham Utility Authority which totaled $0 and $78,861 for the years ended June 30, 2022 and 2021, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Related Party Transactions (continued)

The Organization incurred and paid costs with related parties as follows:

	2022	2021
Employee related costs with the Nation of which $24,760 and $125,795 is included in accounts payable at June 30, 2022 and 2021	$ 697,527	$ 661,371
Tohono O'odham Utility Authority (TOAU) of which $36,186 and $34,080 is included in accounts payable at June 30, 2022 and 2021	171,769	217,626
Sewer costs with Tohono O'odham Solid Waste Management of which $0 and $433 is included in accounts payable at June 30, 2022 and 2021, respectively	1,774	4,767
	$ 871,070	$ 883,764

13. Commitments and Contingencies

Operating Leases

The Organization leased building facilities under an operating lease agreement with Indian Oasis-Baboquivari Unified School District. The lease agreement called for monthly payments of $3,500 paid quarterly through 2016. The agreement automatically extended for additional five-year terms unless the Organization gives written notice of termination. The Organization ended this lease in November 2021.

The Organization entered into a 25-year land lease in June 2007 with Pisinemo District of the Nation on which permanent and satellite campus facilities will be built. The lease requires the Organization to pay impact fees of $9,923 per year through 2022. Subsequent fees will be negotiated as prescribed, not to exceed an annual increase of 5%.

The Organization entered into a second 25-year land lease in 2008 with Schuk Toak District for TOCC's main campus. The lease agreement requires the Organization to pay impact fees of $13,230 per year through 2022. Subsequent fees will be negotiated as prescribed, not to exceed an annual increase of 5%.

The Organization entered into a 5-year sublease in May 2018 with the Economic Develop Authority for TOCC's culinary school. The lease agreement requires the Organization to pay monthly lease payments ranging from approximately $1,200 to $1,800 through 2023.

The Organization entered into a 3-year lease in July 2019 with NAC for TOCC's Phoenix school. The lease agreement requires the Organization to pay monthly lease payments ranging from approximately $4,100 to $5,200 through 2022.

Total rent expense paid under these lease agreements was $118,148 and $137,160 for 2022 and 2021, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitments and Contingencies (continued)

Operating Leases (continued)

The following is a summary of future minimum lease payments under non-cancelable operating leases as of June 30, 2022:

Fiscal Year Ending		Amount
2023	$	78,938
2024		46,399
2025		46,399
2026		47,614
2027		48,891

Construction Services Agreement (ESB Design & Build)

The Organization entered into an agreement with a design and build contractor for the construction of a building. The total contract price, as amended, for the construction services is $3,025,393 and is subject to additions and deductions as defined by the agreement. Through June 30, 2021, related contractor fees incurred totaled $3,011,719 and as of June 30, 2021 are included in construction in progress within capital assets in the accompanying consolidated statements of financial position. During the year ended June 30, 2022, the buildings and improvements were placed into service.

Contingencies

The Organization participates in a number of federal and state grant programs that are subject to compliance audits. Assessments from such audits, if any, are recorded when the amounts of such assessments are reasonably determinable. A significant reduction in the level of support from these programs could have a material effect on the programs and activities of the Organization. Certain governmental contracts are also subject to termination for convenience clauses. The Organization has received no such termination or audit assessment notices.

14. Concentrations of Credit Risk

Legislative Appropriations and Government Grants

For the years ended June 30, 2022 and 2021, legislative appropriations from the Nation accounted for 36% and 31%, respectively, of the Organization's total revenue and support. In addition, a significant portion of the Organization's total revenue and support is derived from U.S. government and state grants.

The Organization also derives a significant amount of its revenues and support from government grants for various programs. At times, grants for particular programs may constitute a concentration as defined by the accounting standards. As of June 30, 2022 and 2021, government grant receivables comprised 81% and 93% of total receivables, respectively. For the years ended June 30, 2022 and 2021, government grants revenue accounted for approximately 56% and 61%, of total revenue and support.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Concentrations of Credit Risk (continued)

Cash Deposits at Banks
Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the FDIC up to $250,000. As of June 30, 2022 and 2021, the Organization had $13,623,719 and $12,157,327 in excess of FDIC insured limits, respectively.

Investments
Investments held by other institutions are insured up to $500,000, including up to $250,000 for cash balances per institution, by the Securities Investor Protection Corporation ("SIPC"). As of June 30, 2022 and 2021, the Organization had $1,252,710 and $1,131,690, respectively, in excess of SIPC insured limits.

15. ***Subsequent Events***
The Organization evaluated subsequent events through May 11, 2023, which represents the date the consolidated financial statements were available to be issued and concluded that no additional disclosures are required.

Keegan Linscott & Associates, PC
Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

TOHONO O'ODHAM COMMUNITY COLLEGE

SINGLE AUDIT REPORTS AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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Keegan
Linscott &
Associates, PC

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management
Tohono O'odham Community College
Sells, Arizona

We have audited, in accordance with the 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 consolidated financial statements of Tohono O'odham Community College (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, expenses by function and nature, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2022-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated financial statements. 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*.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keegan Linscott & Associates, PC

Tucson, Arizona
May 11, 2023

Keegan
Linscott &
Associates, PC

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management
Tohono O'odham Community College
Sells, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tohono O'odham Community College's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis of Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Organization as of and for the year ended June 30, 2022, and have issued our report thereon dated May 11, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Keegan Linscott & Associates, PC

Tucson, Arizona
May 11, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP.......Unmodified

Internal control over financial reporting:

Material weakness(es) identified?.......Yes

Significant deficiency(ies) identified?....... None Reported

Noncompliance material to consolidated financial statements noted? ....No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?.......Yes

Significant deficiency(ies) identified?....... None reported

Type of auditor's report issued on compliance for major federal programs. ....Unmodified

Any audit findings disclosed, which are required to be reported in accordance with section 2 CFR 200.516(a)? ....Yes

Identification of major programs:

Assistance Listing Number(s)		Name of Federal Program or Cluster
84.063		Student Financial Assistance Cluster
15.027		Assistance to Tribally Controlled Community Colleges and Universities
84.425		Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?.......Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, related to the consolidated financial statements for which *Government Auditing Standards* requires reporting.

2022-001: Improve Procedures over the Preparation of the Schedule of Expenditure of Federal Awards (Material Weakness)

As part of our audit procedures, we audit the completeness and the accuracy of the Schedule of Expenditures of Federal Awards. Management is responsible for the preparation of the Schedule of Expenditures of Federal Awards in accordance with the requirements of the Uniform Guidance. This schedule is an integral component of the Organization's reporting in accordance with the Uniform Guidance as it identifies total federal awards expended for each individual federal program and it serves as the primary basis for the auditor's major program determination. During our audit, we became aware of evidence which indicated five Federal awards, totaling approximately $445,000, listed on the Schedule of Expenditures of Federal Awards did not have the appropriate Assistance Listing Number assigned. The Schedule of Expenditures of Federal Awards was corrected during the audit; however, it appears the errors were made due to a lack of sufficient internal controls over the preparation of the Schedule of Expenditures of Federal Awards.

Recommendation - We recommend that the Organization implement adequate procedures, including staff training and a formal review and verification process by supervisory personnel, as part of its annual process to prepare the Schedule of Expenditures of Federal Awards in order to ensure its accuracy.

View of Responsible Officials - *We agree with the finding. We have implemented procedures to ensure future proper reporting of federal awards in the Schedule of Expenditures of Federal Awards. See our Corrective Action Plan for the fiscal year ended June 30, 2022 for additional detail.*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies audit findings required to be reported by the 2 CFR 200.516(a), including significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, and significant instances of abuse.

2022-002: Submission of Single Audit Reports (Material Weakness)

Federal Agency:	U.S. Department of Agriculture, U.S. Department of Education, U.S. Department of Interior, National Science Foundation, U.S. Department of Health and Human Services
Program Title:	Community Facilities Loans and Grants; Federal Pell Grant Program; Tribal Colleges Education Equity Grants; Tribal Colleges Endowment Program; Cooperative Extension Service; Indian Self-Determination Contract Support; Indian Adult Education; Assistance to Tribally Controlled Community Colleges and Universities; Tribally Controlled Community College Endowments; Social, Behavioral and Economic Sciences; STEM Education; Higher Education Institutional Aid; Education Stabilization Fund; Promote the Survival and Continuing Vitality of Native American Languages; Native American Programs; University Centers for Excellence in Developmental Disabilities Education, Research, and Service
Assistance Listing Number:	10.766, 84.063, 10.221, 10.222, 10.500, 15.024, 15.026, 15.027, 15.028, 47.075, 47.076, 84.031, 84.425, 93.587, 93.612, 93.632
Federal Award Source:	Direct funding and pass-through funding
Pass-Through Entity:	University of Arizona (ALN 93.632)
Pass-Through Identifying Number:	Unknown

Criteria – Section 200.512 of the Uniform Guidance states that the single audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period.

Condition and Context - The Organization did not complete its single audit and submit its data collection form and reporting package for the year ended June 30, 2022 by the required deadline.

Cause and Effect - Due to a delay in the finalization of the Schedule of Expenditures of Federal Awards and the compiling of records and supporting documentation related to the financial statement audit and compliance audit, the Organization was late in completing its single audit and submitting its data collection form and reporting package to the Federal Audit Clearinghouse.

Questioned Costs - None identified.

Recommendation – We recommend that the Organization improve its financial reporting close process in order to complete its annual single audit and submit the data collection form and reporting package to the Federal Audit Clearinghouse by the required deadline.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

2022-002: Submission of Single Audit Reports (Material Weakness) (continued)

View of Responsible Officials - *We agree with the finding. We have implemented procedures to ensure future timely submission of our single audit reports. See our Corrective Action Plan for the fiscal year ended June 30, 2022 for additional detail.*

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN		Pass-Through Entity Identifying Number	Total Federal Expenditures
Community Facilities Loans and Grants - Cluster:				
U.S. Department Of Agriculture Programs				
Community Facilities Loans and Grants	10.766			$ 382,254
Total for Program				382,254
Total U.S. Department of Agriculture Programs				$ 382,254
Total Community Facilities Loans and Grants - Cluster				$ 382,254
Student Financial Assistance - Cluster:				
U.S. Department of Education Programs				
Federal Pell Grant Program	84.063	*		$ 1,046,122
Total for Program				1,046,122
Total U.S. Department of Education Programs				$ 1,046,122
Total Student Financial Assistance - Cluster				$ 1,046,122
Other Programs:				
U.S. Department Of Agriculture Programs				
Tribal Colleges Education Equity Grants	10.221			$ 55,781
Total for Program				55,781
Tribal Colleges Endowment Program	10.222			62,412
Total for Program				62,412
Cooperative Extension Service	10.500			139,730
Total for Program				139,730
Total U.S. Department of Agriculture Programs				$ 257,923
U.S. Department of Interior Programs				
Indian Self-Determination Contract Support	15.024			$ 3,711
Total for Program				3,711
Indian Adult Education	15.026			11,608
Total for Program				11,608
Assistance to Tribally Controlled Community Colleges and Universities	15.027	*		2,384,928
Total for Program				2,384,928
Tribally Controlled Community College Endowments	15.028			103,953
Total for Program				103,953
Total U.S. Department of Interior Programs				$ 2,504,200

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN		Pass-Through Entity Identifying Number	Total Federal Expenditures
National Science Foundation Programs				
Social, Behavioral and Economic Sciences	47.075			$ 183,039
Total for Program				183,039
STEM Education	47.076			365,979
Total for Program				365,979
Total National Science Foundation Programs				$ 549,018
U.S. Department of Education Programs				
Higher Education Institutional Aid	84.031T			$ 487,973
Higher Education Institutional Aid	84.031D			19,615
Total for Program				507,588
COVID -19 - Education Stabilization Fund	84.425E	*		424,742
COVID -19 - Education Stabilization Fund	84.425F	*		415,546
COVID -19 - Education Stabilization Fund	84.425K	*		1,513,129
Total for Program				2,353,417
Total U.S. Department of Education Programs				$ 2,861,005
U.S. Department of Health and Human Services Programs				
Promote the Survival and Continuing Vitality of Native American Languages	93.587			$ 10,219
Total for Program				10,219
Native American Programs	93.612			233,339
Total for Program				233,339
Passed through the University of Arizona				
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		Unknown	1,250
Total for Program				1,250
Total U.S. Department of Health and Human Services Programs				$ 244,808
Total Expenditures of Federal Awards				**$ 7,845,330**

*Denotes a major program

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Endowment

The Organization has $103,953 of restricted endowment moneys as of June 30, 2022. 2 CFR Part 200.502(e) states the cumulative balance of Federal awards for endowment funds that are federally restricted are considered Federal awards expended in each audit period in which the funds are still restricted. Given this, $103,953 is considered expended and is shown on the schedule of expenditures of federal awards under ALN 15.028 Tribally Controlled Community College Endowments.

4. Indirect Cost Rate

The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.