

**Native Forward Scholars Fund  
and  
American Indian Graduate Center Scholars  
COMBINED FINANCIAL STATEMENTS  
June 30, 2023  
(With Comparative Totals for June 30, 2022)**

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Native Forward Scholars Fund  
and American Indian Graduate Center Scholars

### ***Opinion***

We have audited the accompanying combined financial statements of the Native Forward Scholars Fund and American Indian Graduate Center Scholars, both nonprofit organizations, collectively referred to hereafter as the "Organization", which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of activities and changes in net assets, cash flows and functional expenses for the year then ended and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 within one year after the date that the combined financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Combined Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 auditing standards generally accepted in the United States of America 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 combined financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 combined 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 combined 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 combined 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.

### ***Report on Summarized Comparative Information***

We have previously audited the Organization's 2022 combined financial statements, and we expressed an unmodified opinion on those audited combined financial statements in our report dated January 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

The accompanying combining statements of financial position and activities and combining changes in net assets are presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, 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 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.

January 19, 2024

PULAKOS CPAs, PC

Pulakos CPAs, PC

**Native Forward Scholars Fund  
and  
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**COMBINED STATEMENTS OF FINANCIAL POSITION**

**June 30, 2023  
(With Comparative Totals for June 30, 2022)**

**Assets**

	<b>2023</b>	<b>2022</b>
Current assets		
Cash	\$ 4,113,268	\$ 4,950,138
Investments	19,226,724	18,464,059
Receivables, net	781,804	41,741
Other current assets	355,701	38,202
Total current assets	24,477,497	23,494,140
Property and equipment, net	1,229,605	1,069,883
Purpose restricted investments	2,141,327	1,549,340
Endowed investments	3,115,501	3,236,032
Total assets	\$ 30,963,930	\$ 29,349,395

**Liabilities and Net Assets**

Current liabilities		
Accounts payable and accrued liabilities	\$ 240,729	\$ 235,738
Deferred revenue	2,696,419	2,266,333
Total current liabilities	2,937,148	2,502,071
Net assets		
Without donor restrictions	21,675,249	21,846,792
With donor restrictions		
Time or purpose restricted	3,115,501	1,764,500
Perpetual in nature	3,236,032	3,236,032
Total net assets	28,026,782	26,847,324
Total liabilities and net assets	\$ 30,963,930	\$ 29,349,395

**Native Forward Scholars Fund  
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**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended June 30, 2023  
(With Comparative Totals for 2022)**

	<b>2023</b>			<b>2022 Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
Revenues, support and gains				
Contributions and grants	\$ 2,392,223	\$ 1,751,198	\$ 4,143,421	\$ 6,982,720
Federal grant	10,358,061	-	10,358,061	7,016,944
Other program revenue	1,400	-	1,400	366,965
Special events	132,796	-	132,796	-
Interest and dividends, net of investment fees	354,472	144,935	499,407	978,931
Realized and unrealized gains (losses) on investments	1,047,379	370,303	1,417,682	(4,710,177)
Net assets released from restrictions	915,434	(915,434)	-	-
Total revenues, support and gains	15,201,765	1,351,002	16,552,767	10,635,383
Expenses				
Program	14,181,734	-	14,181,734	13,894,433
Management	909,815	-	909,815	761,110
Fundraising	281,760	-	281,760	235,964
Total expenses	15,373,309	-	15,373,309	14,891,507
Change in net assets	(171,544)	1,351,002	1,179,458	(4,256,124)
Net assets, beginning of year	21,846,792	5,000,532	26,847,324	31,103,448
Net assets, end of year	<u>\$ 21,675,248</u>	<u>\$ 6,351,534</u>	<u>\$ 28,026,782</u>	<u>\$ 26,847,324</u>

See Notes to Combined Financial Statements and Independent Auditors' Report.

**Native Forward Scholars Fund  
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**COMBINED STATEMENTS OF CASH FLOWS**

**Year Ended June 30, 2023  
(With Comparative Totals for 2022)**

	2023	2022
Operating activities		
Change in net assets	\$ 1,179,458	\$ (4,256,124)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	38,461	22,293
Realized and unrealized (gain) loss on investments	(1,417,682)	4,710,177
Net changes to operating assets and liabilities		
Receivables, net	(740,063)	259,367
Other current assets	(317,499)	51,517
Accounts payable and accrued liabilities	4,991	(932,618)
Deferred revenue	430,086	1,808,686
	(822,248)	1,663,298
Net cash (used) provided by operating activities		
Investing activities		
Purchases of investments and reinvestment of investment income	(4,877,377)	(4,877,377)
Proceeds from sale of investments	5,060,938	5,414,461
Purchases of property and equipment	(198,183)	(1,044,021)
	(14,622)	(506,937)
Net cash used by investing activities		
Change in cash	(836,870)	1,156,361
Cash, beginning of year	4,950,138	3,793,777
Cash, end of year	\$ 4,113,268	\$ 4,950,138

**Native Forward Scholars Fund  
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**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2023  
(With Comparative Totals for 2022)**

	Program			
	Scholarships and Student Support Services	Outreach	Read/ Selection	Leadership
Scholarships	\$ 11,155,346	\$ -	\$ -	\$ -
Personnel expenses	1,091,998	550,127	140,370	68,895
Professional services	232,174	116,965	29,845	14,648
Travel, meetings and conferences	143,375	72,230	18,430	9,046
Supplies	131,550	66,272	16,910	8,300
Occupancy/facility	74,251	37,406	9,544	4,685
Postage and shipping	35,464	17,866	4,559	2,237
Printing and publications	22,149	11,158	2,847	1,397
Depreciation	16,485	8,305	2,119	1,040
Telephone	5,071	2,554	652	320
Miscellaneous	32,526	16,385	4,181	2,052
	\$ 12,940,389	\$ 899,268	\$ 229,457	\$ 112,620



**Management and General**

<b>Total Program</b>	<b>NFSF</b>	<b>AIGC Scholars</b>	<b>Fundraising</b>	<b>2023 Total</b>	<b>2022 Total</b>
\$ 11,155,346	\$ -	\$ -	\$ -	\$ 11,155,346	\$ 11,364,853
1,851,390	483,509	73,069	172,366	2,580,334	2,085,735
393,632	104,049	14,288	36,648	548,617	851,907
243,081	72,003	1,074	22,631	338,789	130,014
223,032	64,679	2,371	20,765	310,847	72,078
125,886	23,682	14,163	11,720	175,451	198,155
60,126	16,545	1,530	5,598	83,799	45,756
37,551	10,571	718	3,496	52,336	42,227
27,949	8,402	-	2,602	38,953	22,293
8,597	2,264	320	800	11,981	10,558
55,144	(3,601)	20,179	5,134	76,856	67,931
<b>\$ 14,181,734</b>	<b>\$ 782,103</b>	<b>\$ 127,712</b>	<b>\$ 281,760</b>	<b>\$ 15,373,309</b>	<b>\$ 14,891,507</b>

**Native Forward Scholars Fund  
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**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 1 – NATURE OF BUSINESS**

The combined financial statements include the accounts of Native Forward Scholars Fund (NFSF, formerly known as American Indian Graduate Center, Inc.) and American Indian Graduate Center Scholars (AIGC Scholars), which are related by common purposes and are collectively referred to as “the Organization”. The two organizations share office space and various personnel and administrative expenses.

NFSF is a not-for-profit corporation incorporated in 1971 to promote the interests of American Indian people throughout the United States by providing assistance to Indian students at the graduate level. AIGC Scholars is a not-for-profit corporation established January 30, 2001, to administer scholarship and other educational programs to broaden and expand the higher educational opportunities for American Indian and Alaska Native students.

AIGC Scholars receives 100% of its funding under a grant agreement with the United Negro College Fund (UNCF). The grant agreement with UNCF provides for the administration of a portion of the Bill and Melinda Gates Millennium Scholars Program, as it relates to American Indian and Alaska Native students pursuing undergraduate through doctoral degrees. The Gates Millennium Scholars Program is a scholarship program funded by the Bill and Melinda Gates Foundation and is administered by UNCF. To assist in the implementation of this program, UNCF established a partnership with AIGC Scholars.

Programs of the Organization

The Organization's principal programs are comprised of:

*Disbursements and Program Support*

Materials and activities designed to ensure that all applicant documents are processed properly, and student files are complete, meet the requirements of all scholarship programs and are compliant with the Bureau of Indian Education (BIE), Gates Millennium Scholars program, Wells Fargo and all other contracts. Disbursement activities also include the calculation of award amounts based on financial need and the disbursement of scholarship funds to students.

Retention and academic advisement activities are reported in Disbursements and Program Support and consist of generalized activities to assist awarded Gates Millennium Scholars in achieving continued success in the program. AIGC Scholars staff maintains communication with students and addresses any difficulties they are experiencing in their academic pursuits; with the objective of helping them achieve the criteria for retention in the program.

*Outreach*

Activities that promote the scholarship programs and recruit applicants with the skills necessary to succeed in the program. Materials and presentations are designed to inform educators and American Indian and Alaska Native students about the program.

**Native Forward Scholars Fund  
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**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 1 – NATURE OF BUSINESS – CONTINUED**

Programs of the Organization – Continued

*Reading*

Activities for the selection of students who are awarded various scholarships. Qualified readers are selected to review all applications and rank them for the purpose of selecting the best-qualified applicants for the program.

*Student Support and Resources*

Programs that engage students and provide resources to high school students, undergraduate and graduate students. This includes the Empowering Scholars Summit college readiness for high school students; The Rising Native Graduates graduate school mentoring program; and The Web Resource Center on the NFSF website that provides resources for all students.

*Leadership*

Preparing and hosting activities to bring awarded students and alumni together to participate in leadership activities and engage in networking and mentoring, in order to promote their leadership abilities and enhance their likelihood for success.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation

The assets, liabilities and results of activities of NFSF and AIGC Scholars are combined in the accompanying combined financial statements and have been collectively referred to as "the Organization." All significant intercompany accounts and transactions are eliminated in the combination. These combined statements are not those of a separate legal entity.

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the combined financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Certain reclassifications have been made to the 2022 combined financial statements to conform to the 2023 presentation. These reclassifications have no impact on the Organization's change in net assets.

**Native Forward Scholars Fund  
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**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Basis of Presentation

The combined financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its combined financial position and combined activities and changes in net assets according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage-of-time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statements of activities and changes in net assets.

Investments

Investments consist of marketable securities and are stated at quoted fair market value (FMV). Investment income is presented net of investment fees. Investment fees were \$123,062 and \$153,817 in 2023 and 2022, respectively.

Property and Equipment

Property and equipment are stated at cost. Depreciation is recorded on the straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from two to five years. The Organization capitalizes acquisitions in excess of \$500. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation expense was \$38,461 and \$22,293 in 2023 and 2022, respectively.

Receivables

Receivables are carried at their estimated collectible amounts. The Organization utilizes the allowance method of receivables valuation. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. As of June 30, 2023 and 2022, respectively, management estimates that all receivables are collectible and thus no allowance for uncollectible receivables has been recorded. All receivables are considered current.

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**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Receivables – Continued

The beginning and ending balances of contract assets are as follows:

	<u>2023</u>	<u>2022</u>
Receivables, net, beginning of year	\$ 41,741	\$ 301,108
Receivables, net, end of year	781,804	41,741

Deferred Revenue

Deferred revenue represents scholarship receipts for which the Organization has not yet provided all services associated with the placement of a scholarship. Revenue is recognized by the Organization upon completion of all grantor requirements.

The beginning and ending balances of contract liabilities are as follows:

	<u>2023</u>	<u>2022</u>
Deferred revenue, beginning of year	\$ 2,266,333	\$ 457,647
Deferred revenue, net, end of year	2,696,419	2,266,333

Revenue Recognition

Support from contributions, grants and special events is recognized when awarded, earned or when expenditures have been incurred in accordance with provisions of the contributions and special events. Program service fee revenue is recognized when the service is performed.

United Negro College Fund (UNCF) Grant Agreement

Revenue from the grant agreement with UNCF is segregated into administrative support and scholarship support.

*Administrative Support*

Administrative support is considered to be an unconditional promises-to-give. However, since the donor specified the period for which the funds are to be used, it is recognized as temporarily restricted for time. The support is subsequently released to unrestricted during the period to which the support was intended.

*Scholarship Support*

Receipts related to scholarship support are not considered to be promises-to-give, but rather exchange transactions for services rendered by the Organization. Therefore, any funding related to the activity, which may be received in advance, is deferred until the Organization has provided the services associated with the placement of a scholarship.

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**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2023  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

United Negro College Fund (UNCF) Grant Agreement – Continued

*Scholarship Support – Continued*

Actual scholarship awards granted to the Organization are made only after the actual recipient has been identified and pre-qualified by the Organization. Therefore, all such awards are recognized as unrestricted revenue when awarded since all requirements of the award have been met. An increase in disbursement and program support is also recognized at this time. Amounts are then carried as a scholarship payable until disbursement is made.

Donated Assets and Services

Donated assets are recorded at their estimated fair values as of the date of contribution. Contributions of services are recognized in the combined financial statements if the services received enhance or create non-financial assets, require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Some services are provided by volunteers who perform a variety of tasks that benefit the Organization but are not recorded, as they do not meet the above criteria.

Functional Classification of Expenses

Expenses are presented on a functional basis allocated among its various programs, including management and general. Expenses and support services related to a specific program are allocated directly according to their natural expenditure classification. Other expenditures that are common to several programs are allocated based on various relationships, such as square footage or direct labor or periodic time and expense studies.

Fundraising Activity

The Organization accounts for the allocation of joint costs between program activities and fund raising as provided for by accounting principles generally accepted in the United States of America surrounding the accounting for costs of activities of not-for-profit organizations that include fundraising.

Federal Contract

The Organization performs services under a contract with the Bureau of Indian Education. Revenue from this contract is recognized as the services are performed, to the extent of expenses pursuant to applicable federal laws and regulations and the terms and conditions of the contract. Receipts in excess of expenses are recorded as deferred revenue in the accompanying combined financial statements.

Financial Instruments

The carrying amounts of cash, receivables, payables, accrued expenses and other liabilities, approximate fair value due to short maturity periods of these instruments.

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**NOTES TO COMBINED FINANCIAL STATEMENTS**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Tax Exempt Status

The Organization is a nonprofit charitable corporation and has been recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions.

Advertising

Advertising costs (\$107,010 and \$41,286 in 2023 and 2022, respectively) are expensed as incurred.

Fair Value Measurements

Accounting Standards Codification Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that the Organization has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the combined statements of financial position.

The Organization elected to adopt these ASUs effective July 1, 2022 and utilized all of the available practical expedients. The adoption did not impact the combined financial statements of the Organization, as no leases were deemed significant enough to qualify for treatment under Topic 842.

Subsequent Events

The Organization has evaluated all events occurring subsequent to June 30, 2023 and through January 19, 2024, which is the date that the combined financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying combined financial statements.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 4,113,268	\$ 4,950,138
Investments	24,483,552	23,249,431
Receivables, net	<u>781,804</u>	<u>41,741</u>
Total financial assets	29,378,624	28,241,310
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>6,351,533</u>	<u>5,000,532</u>
Financial assets available to meet cash needs for general expenditure within one year from June 30, 2023 and 2022	<u>\$ 23,027,091</u>	<u>\$ 23,240,778</u>



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**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – CONTINUED**

The Organization manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. The Organization’s goal is generally to maintain a level of financial assets sufficient to cover a minimum of 45 days of operating expenses. As part of its liquidity plan, the Organization is continuously evaluating the amount of cash on hand and expected to be collected within 30 days, against current financial obligations.

**NOTE 4 – PROPERTY AND EQUIPMENT**

	<b>2023</b>	<b>2022</b>
Buildings and leasehold improvements	\$ 1,251,309	\$ 1,052,631
Furniture, fixtures and equipment	438,694	438,694
	1,690,003	1,491,325
Less accumulated depreciation	(460,398)	(421,442)
	<u>\$ 1,229,605</u>	<u>\$ 1,069,883</u>

**NOTE 5 – INVESTMENTS**

The following table presents investments that are measured at fair value on a recurring basis as of June 30, 2023 and 2022:

<b>2023 – Description</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds	\$ 678,986	\$ 678,986	\$ -	\$ -
Equities	3,211,437	3,211,437	-	-
Exchange traded funds	9,242,589	9,242,589	-	-
Mutual funds	11,350,540	11,350,540	-	-
	<u>\$ 24,483,552</u>	<u>\$ 24,483,552</u>	<u>\$ -</u>	<u>\$ -</u>

**Native Forward Scholars Fund  
and  
American Indian Graduate Center Scholars**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2023**  
**(With Comparative Totals for 2022)**

**NOTE 5 – INVESTMENTS – CONTINUED**

<u>2022 – Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 2,749,878	\$ 2,749,878	\$ -	\$ -
Equities	1,294,612	1,294,612	-	-
Exchange traded funds	10,686,099	10,686,099	-	-
Mutual funds	8,518,842	8,518,842	-	-
	<u>\$ 23,249,431</u>	<u>\$ 23,249,431</u>	<u>\$ -</u>	<u>\$ -</u>

The classifications of different types of investments in the preceding tables are determined by evaluating each fund or investment within general investment type parameters.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

*Money market funds:* Valued based on stated values.

*Equities, mutual funds, exchange traded funds and alternative investments:* Valued at the closing price of the traded security at the combined statements of financial position date.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**NOTE 6 – ENDOWMENTS**

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides industry guidance to organizations similar to the Organization. The State of New Mexico adopted UPMIFA effective July 1, 2009. The Organization has determined that certain restricted net assets meet the definition of endowment funds under UPMIFA.

Endowment Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for initiatives supported by its endowments while seeking to maintain the purchasing power of the endowments.

**Native Forward Scholars Fund  
and  
American Indian Graduate Center Scholars**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2023**  
**(With Comparative Totals for 2022)**

**NOTE 6 – ENDOWMENTS – CONTINUED**

**Changes in Endowment Net Assets for the Years Ending June 30, 2023 and 2022 –  
Continued:**

	<u>Purpose Restricted</u>	<u>Perpetually Endowed</u>	<u>Total</u>
Contributions	349,984	1,030,000	1,379,984
Distributions	-	-	-
Endowment net assets, June 30, 2022	1,549,340	3,236,032	4,785,372
Investment return			
Interest income	144,935	-	144,935
Unrealized gain on investment	400,140	-	400,140
Investment fees	(29,837)	-	(29,837)
Total investment return	515,238	-	515,238
Contributions	531,294	-	531,294
Distributions	(454,545)	-	(454,545)
Endowment net assets, June 30, 2023	<u>\$ 2,141,327</u>	<u>\$ 3,236,032</u>	<u>\$ 5,377,359</u>

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Post-graduate Educational Assistance	\$ 2,892,469	\$ 1,676,312
Program specific restrictions	<u>223,032</u>	<u>88,188</u>
	3,115,501	1,764,500
Endowments- subject to endowment spending policy	<u>3,236,032</u>	<u>3,236,032</u>
	<u>\$ 6,351,533</u>	<u>\$ 5,000,532</u>
Net assets released are as follows:	<u>2023</u>	<u>2022</u>
Program specific restrictions	<u>\$ 915,434</u>	<u>\$ 514,974</u>

**Native Forward Scholars Fund  
and  
American Indian Graduate Center Scholars**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**June 30, 2023  
(With Comparative Totals for 2022)**

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

Concentrations of Risk

The Organization has investments with financial institutions (principally banks), brokerage firms, and individual mutual funds. Investments with banks consist principally of cash on deposit. These monies are subject to federal insurance limits and the Organization's balances frequently exceed amounts insured by the federal government. Investments (consisting principally of marketable equities, money market, and marketable debt instruments) with investment brokerage firms and mutual funds, while subject to certain conditions where there can be defined insurance coverage for certain situations are nevertheless, subject to declines in principal value principally due to movements in the stock and bond markets. The Organization attempts to minimize this risk through diversification and allocation strategies.

The Organization maintains cash balances, which at times may exceed federally insured limits.

Concentration of Revenues

The Organization received a substantial portion of its revenue from a grant agreement with UNCF. Management has been informed that this program will sunset and that the final cohort of Scholars were selected in 2017. At this time, all Scholars currently enrolled in degree programs will continue to receive full benefits of the program through the completion of their eligible programs, and no new Scholars will be awarded.

Additionally, the Organization received a substantial portion of its revenue in 2023 and 2022, respectively, from a grant agreement with the Bureau of Indian Affairs.

Questioned Costs

The Organization receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. The Organization has not experienced questioned costs in the past. In the opinion of the Organization's management, such disallowances, if any, would not be significant.

Benefit Plan

The Organization maintains a defined contribution 401(k) profit sharing plan (the Plan) for its eligible employees. To be eligible, employees must have completed one month of service and be at least 21 years of age. The Plan allows the Organization a maximum 6% match for employees completing 1,000 hours of service during the Plan year. Contributions were \$90,229 and \$75,317 in 2023 and 2022, respectively.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Native Forward Scholars Fund  
and  
American Indian Graduate Center Scholars**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2023**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantors Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF INTERIOR BUREAU OF INDIAN EDUCATION:</b>			
Indian Graduate Student Scholarships (Science Post Graduate Scholarships)	15.059	140A2321C0017/001	\$ 4,369,662
(Loan for Service Program)	15.059	140A2321C0017/001	1,314,402
(Special Higher Education Scholarships)	15.059	140A2321C0017/001	2,208,506
Indian Education Assistance to Schools (Science Post Graduate Scholarships)	15.130	A23AP00079/001	307,074
(Loan for Service Program)	15.130	A23AP00079/001	106,020
(Special Higher Education Scholarships)	15.130	A23AP00079/001	<u>127,421</u>
Total federal expenditures			<u>\$ 8,433,085</u>

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Native Forward Scholars Fund under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of American Indian Graduate Center, Inc., it is not intended to and does not present the combined financial position, activities and changes in net assets, cash flows or functional expenses of Native Forward Scholars Fund.

**NOTE 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 and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

The Organization has elected not to use the 10% de minimis indirect cost rate as permitted by the Uniform Guidance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

PULAKOS CPAs, PC

Pulakos CPAs, PC

January 19, 2024