

# **NORTHWEST INDIAN COLLEGE**

## **Basic Financial Statements and Independent Auditors' Reports**



**June 30, 2016**

# Northwest Indian College

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## Contents

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	<u>Page</u>
FINANCIAL SECTION:	
Independent auditors' report	2-3
Management's discussion and analysis	4-14
Basic financial statements:	
College-wide financial statements:	
Statement of net position	15
Statement of activities	16
Fund financial statements:	
Governmental funds:	
Balance sheet	17
Reconciliation of Balance of Governmental Funds to the Statement of Net Position	18
Statement of revenues, expenditures, and changes in fund balances	19
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	20
Notes to basic financial statements	21-39
SINGLE AUDIT:	
AUDITORS' SECTION:	
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	40-41
Independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	42-43
Schedule of findings and questioned costs	44-47
AUDITEE'S SECTION:	
Schedule of expenditures of federal awards	48-50
Notes to schedule of expenditures of federal awards	51
Corrective action plan	52
Summary schedule of prior audit findings	53

# INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Northwest Indian College  
Bellingham, Washington

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, discrete component unit, and each major fund of Northwest Indian College (the College), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units***

The financial states of the Foundation, a discrete component unity, have a qualified opinion due to insufficient records for verifying the historical balances and restrictions for the endowment. We were unable to obtain sufficient appropriate audit evidence for the endowment fund balances and the temporary and permanent restrictions for the Foundation for the year ended June 30, 2016, because at this time we are unable to obtain the necessary information. Consequently, we are unable to determine whether any adjustments to those amounts were necessary.

### ***Qualified Opinion***

In our opinion, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and discrete component unit of Northwest Indian College as of and for the year ended June 30, 2016, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwest Indian College’s basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administration Requirements Cost Principles and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion the schedule of expenditures of federal and is fairly stated, in all material respects, in relation to the basic 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 March 31, 2017 on our consideration of the College’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 College’s internal control over financial reporting and compliance.



Gilbert, Arizona  
March 31, 2017

## Management's Discussion and Analysis

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This section of the report contains an overview and analysis of Northwest Indian College's (College) financial statements for the fiscal year ended June 30, 2016, with comparative data, in most cases, for fiscal years 2012 through 2016. The information contained herein is intended to provide the users of these financial statements with a well-rounded picture of the College's financial condition. It addresses the primary government financial statements only; the detailed presentation is given in the College's basic financial statements, footnotes and supplementary information. Responsibility for this discussion and the completeness and fairness of the information presented resides with the College.

### Using This Report

This financial statement focuses on the College as a whole. The college's financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Assets is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources with capital assets. The Statement of Activities focuses on both the gross costs and the net costs of the College that are supported primarily by revenues from the Tribally Controlled College Funds, federal grants, student tuition, donations and fees.

### Highlights of the 2015 - 2016 Fiscal Year

#### *Institutional Developments*

*Record number of graduates – two years in a row:* A total of 132 degrees, certificates and awards of completion were conferred this year, representing another milestone for the College. The breakdown includes the following: 36 earned Bachelor's degrees; 82 earned AAS/ATA degrees; 1 - certificate; 13 - Awards of Completion. The academic standing of our graduates was also very impressive, with an average of a 3.15 gpa.

*Approval of new financial policies:* NWIC approved several financial policies during 2016, including the Reserve Account Policy, the Utilization of Current Assets Policy, and the Institutional Budget Policy. The Finance Manual, which contains a compilation of the policies regarding financial management at NWIC, has also been updated. New updates within the past three years include: institutional budgeting; reserve account; investment and debt; interest income; honorariums; and bid threshold (an audit recommendation).

*Awarded two competitive Department of Education (DoE) grants:* The first grant, called the TRIO Student Support Services grant, includes a 5-year, approximately \$1.1M award from the DoE. This grant focuses on the academic success of low-income, first generation students at the Lummi main campus and extended campus sites. It should be noted that only 12 Tribal Colleges were funded, and of these 12, only NWIC was the new awardee. The second grant, called a Tribal Vocational Rehabilitation (TVR) grant, in collaboration with Western Washington University, consists of a 5-year, \$2.4M project from the Dept. of Education, Rehabilitation Services Administration. The project will establish a TVR Institute for the preparation of personnel in American Indian Vocational Rehabilitation Services projects, with a goal to train 200 personnel in the 85+ AIVRS projects across the US.

## Management’s Discussion and Analysis

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*Completion of interior restoration of Lummi Day School:* NWIC, in collaboration with the Lummi Indian Business Council, recently completed the interior work of the Lummi Day School, which represents a rich history and cultural importance to the Lummi community. The facility now includes dedicated space for elders and classroom and office space for the Indigenous Service Learning department and First Year Experience programming, consisting of English, Math and college success courses. The College also received a USDA Community Facilities grant for this project.

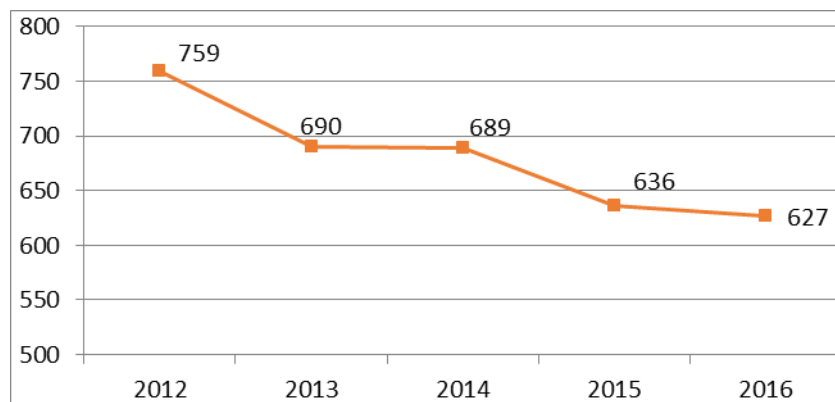
As part of the mission of the College, one of our primary goals is to promote and encourage the development of healthy tribal communities. Each of our educational offerings contributes to this goal in some fashion. The evolution in the college’s capacity to meet the educational needs of the tribal communities in the Pacific Northwest is the culmination of years of significant investment and will impact the College’s operations and its service to students in positive and empowering ways for years to come.

### *Financial Overview*

NWIC acquires stable funding to support priority programs in alignment with its mission and strategic priorities. The College’s chief sources of unrestricted operating revenue are from the Tribally Controlled College (TCC) funding through the Bureau of Indian Affairs, tuition and fees, sponsored programs, and funds provided by the NWIC Foundation. TCC funding is federal formula funding based on the previous year’s Indian Student Count (ISC). This formula strategy means the College won’t see an impact on TCC revenue that reflects the current year’s average ISC until the next fiscal year. Revenue and expenditure trend data, along with prioritization of academic programs and services, are used to prepare realistic three-year budget projections. To ensure short-term solvency, funds are placed in a reserve account on an annual basis.

During the 2015-16 academic years, TCUs nationwide experienced approximately a 6% decrease in total ISCs. The decrease in ISCs at NWIC during this period of time mirrors that trend.

Figure 1: Indian Student Count (ISC) by year



## Management’s Discussion and Analysis

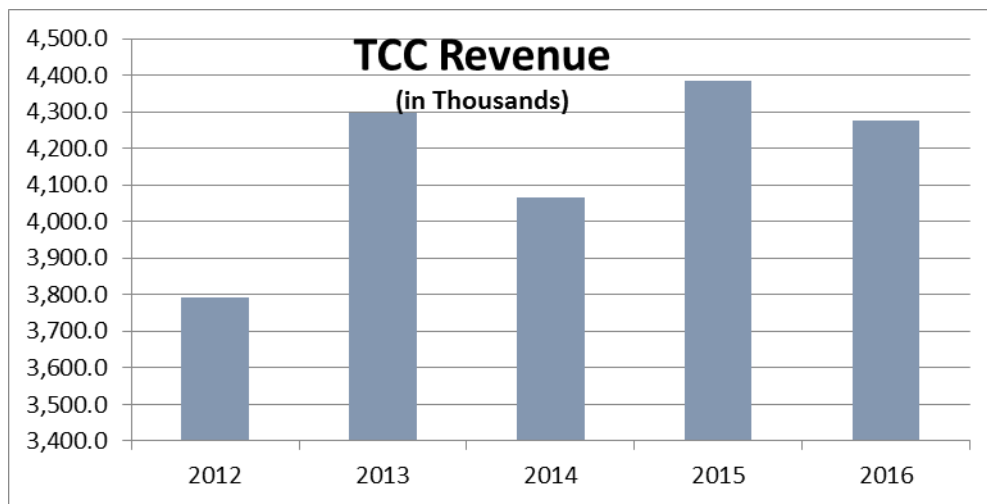
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### Financial Overview (continued)

It’s important to note that in direct response to our declining enrollment trend, currently at three consecutive years, the College has developed and implemented a five-year Strategic Enrollment Management plan designed to increase student enrollment as well as improve retention and graduation rates based on measurable goals and objectives.

Figure 2 demonstrates the receipt and, more importantly, budgeting of the TCC funds in the College’s fiscal year. In order to maximize the initiation of forward funding that started in Fiscal Year 2012, the College self-imposed an institutional adjustment in the budgeting of TCC funds to bring the College’s budgeting of the funds in line with the federal timeline for the allocation of funds.

Figure 2: Tribally Controlled College Funds (in thousands)



TCC funding levels for the College include some amount of uncertainty due to the method of calculation for the TCC Award amount per ISC. The federal government budgets a fixed dollar amount for all Tribal Colleges and Universities (TCUs) to share, regardless of changes in the number of total ISC’s throughout the country or in the number of TCUs receiving awards. This method of allocation results in fluctuating amounts of funding per ISC each year. Everything remaining the same, an increase in the aggregate number of ISCs nationally will decrease the award amount per ISC, while a decrease in the aggregate number of ISCs will increase the award amount per ISC. As shown in Figure 3 below, the College’s per ISC increase the past five years is attributed to the downward enrollment trend for TCUs nationally.

Figure 3: History of Award per ISC, 2012-2016

Year	2012	2013	2014	2015	2016
Award	5,665	5,850	6,355	6,717	7,192

## Management's Discussion and Analysis

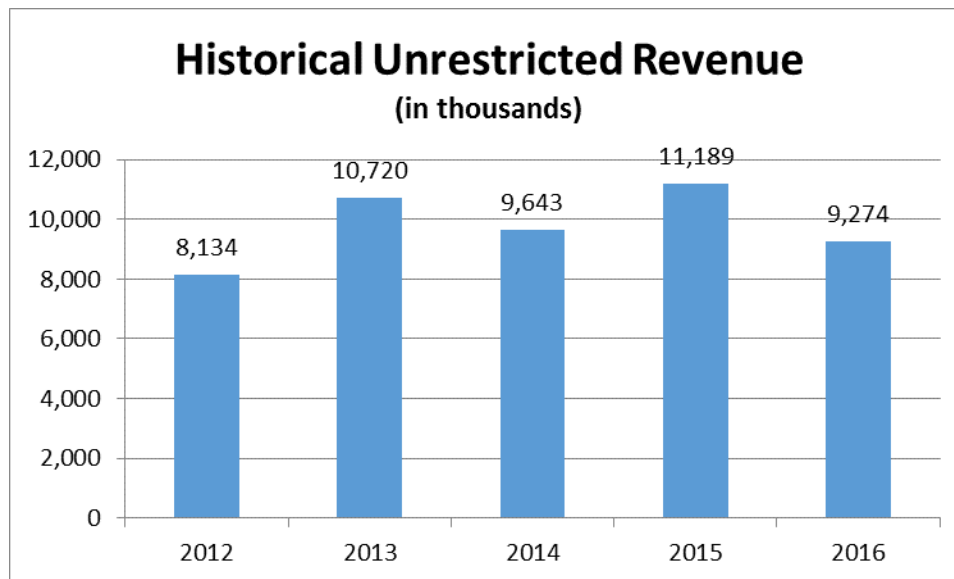
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### Highlights of the 2015-2016 Fiscal Year

#### *Financial Overview (continued)*

NWIC has continued to take proactive steps to address unexpected short-term liabilities and to grow a significant operating reserve account to support the long-term stability of the institution. The Reserve Account, for example, was established in 2011. The purpose of the account is to provide additional financial resources when significant operational or funding interruptions occur. It is the goal of the college to grow the Reserve Account to an amount sufficient to support institutional expenses for a period of three months. Another strategy to address short-term needs was the development of the Contingency Budget account. The Contingency Budget account was included in the annual institutional budget which was approved by the board of trustees in 2016. This account is debited over the course of the fiscal year when additional resources are allocated to address unexpected expenses. The impact of these activities is expected to increase the financial stability of the college in the present and for years to come.

Figure 4: Unrestricted Revenues for Years 2012-2016 (in thousands)





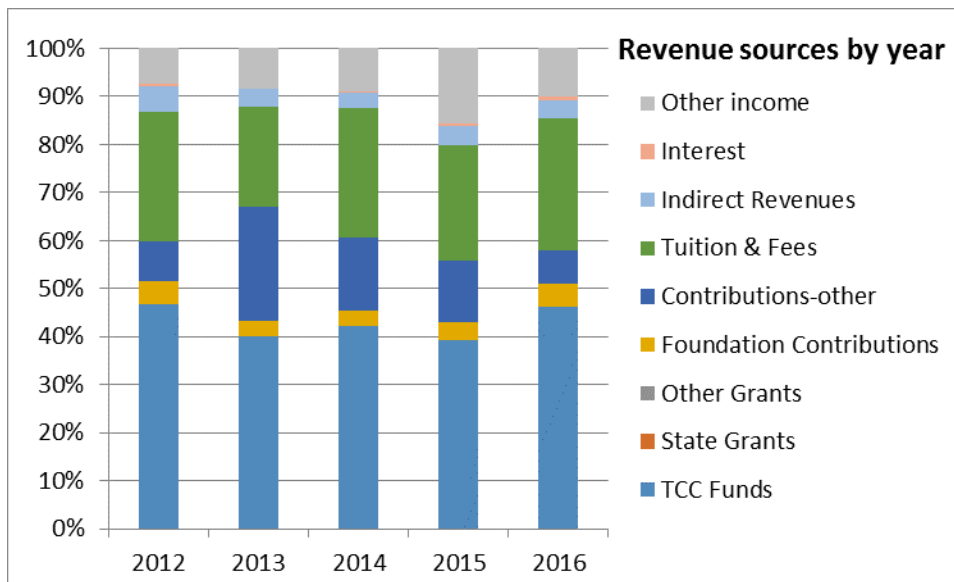
## Management’s Discussion and Analysis

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### Highlights of the 2015-2016 Fiscal Year (continued)

#### Financial Overview (continued)

Figure 5: Revenue Sources by Year



Student tuition is most commonly covered by PELL grants and scholarship payments from the various tribes that are represented in our student body. As tuition increases and the federal PELL regulations become more restrictive, students are finding it more challenging to meet their financial obligation to the College—especially when pursuing a Bachelor’s degree. In response to this need, the College has received increased scholarship support from the Northwest Indian College Foundation and other tribal entities.

Federal grants, including the Department of Education’s Title III grant, continue to make up a significant portion of the College’s total revenues. Many of these federal grants include restrictions on the use of the grant funds. These purpose restrictions are often directed at activities whose goal is to build the capacity of the College to serve tribal students and communities. The College has seen an increase in Restricted Grants since 2011, primarily due to the change of the Title III funding from a competitive grant process to a formula funded process. This increase in stable funds has substantially supported the College’s efforts to develop baccalaureate degree offerings and other customized programs that meet the needs of the tribal communities and constituent members served by the College.

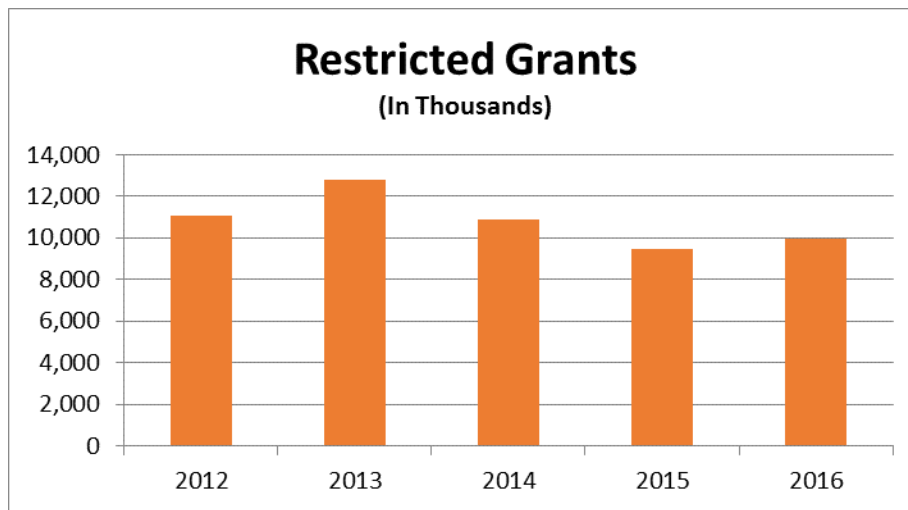
## Management's Discussion and Analysis

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### Highlights of the 2015-2016 Fiscal Year (continued)

#### *Financial Overview (continued)*

Figure 6: Total Restricted Grants by Year (*in thousands*)



### General Fund Budgetary Highlights

The College prepares an annual budget for the general fund. Grants and the capital campaign have budgets exclusive to themselves and are not currently drawn together in a comprehensive institutional budget, with the exception of grant contributions for salaries and indirect revenues. Due to the significance of restricted grants to the College's total revenues, the annual institutional budgeting process now includes consideration of grant initiation and expiration. Additionally, in Fiscal Year 2015 the College developed a three year budget projection process to provide more proactive resource utilization planning for the medium and long term. These budget projections are linked directly to the 2010 – 2017 Strategic Plan and other institutional goals and objectives.

## Management's Discussion and Analysis

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### General Fund Budgetary Highlights (continued)

Figures 7 & 8 demonstrate the allocation of funds for FY 2016 and the impact of restricted grants on the proportions of funding allocated to major expense categories.

Figure 7: Total Operating Expenses for FY 16 (with Restricted Grants):

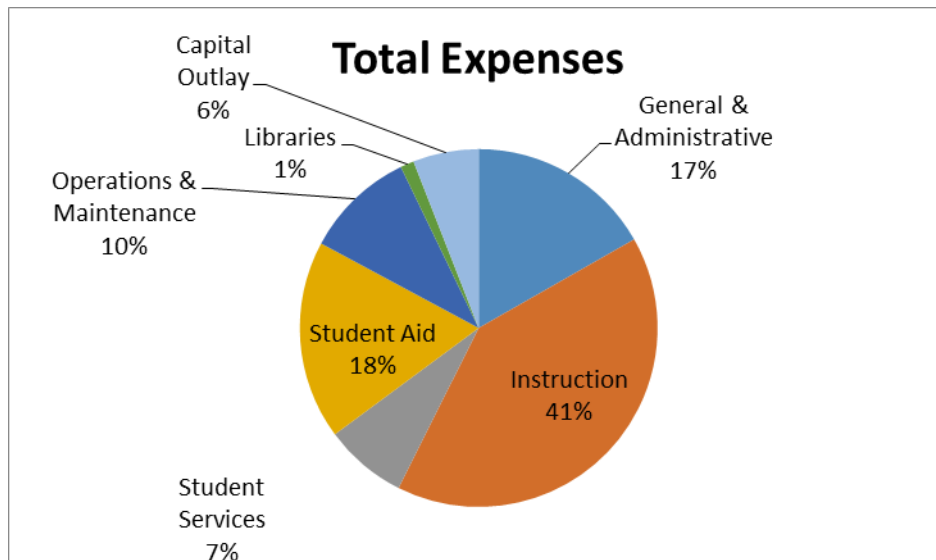
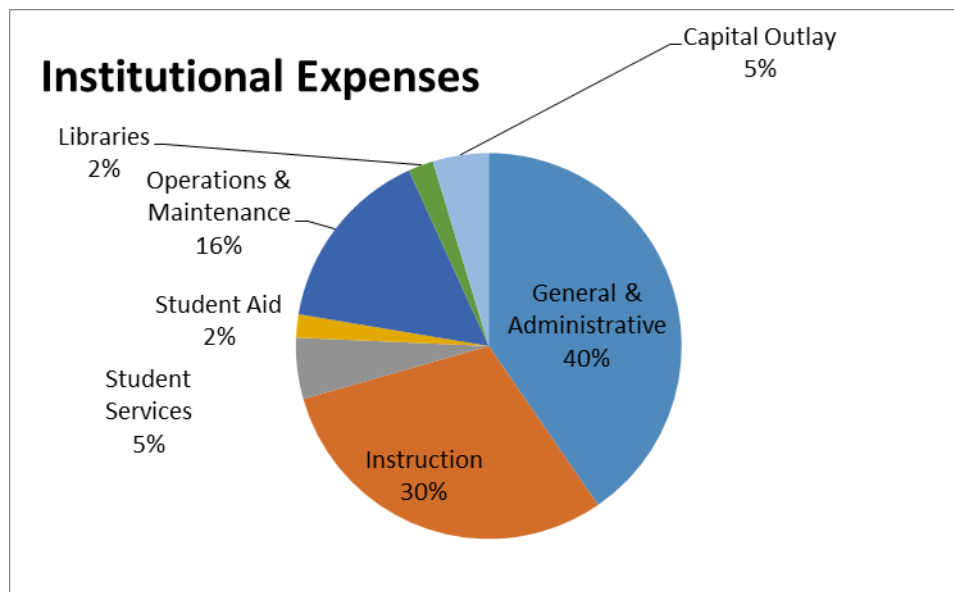


Figure 8: Institutional Operating Expenses for FY 16 (*without* Restricted Grants):



# Northwest Indian College

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## Management's Discussion and Analysis

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### General Fund Budgetary Highlights (continued)

Figure 9 shows comparisons of general revenue and expenditure categories, relative to Governmental Funds, for fiscal years 2012 through 2016. The positive Net Change in Fund Balance for FY 2016 primarily resulted from annual institutional expenditures being approximately 8% under budget.

Figure 9: Statement of Revenues, Expenditures and Change in Fund Balance – Governmental Funds

	2016	2015	2014	2013	2012
<b>Revenues</b>					
Federal and private grants	\$ 14,235,590	\$ 13,787,455	\$ 14,851,136	\$ 16,821,598	\$ 14,811,779
Tuition and fees	2,558,064	2,686,722	2,610,432	2,231,936	2,196,638
Contributions	1,047,091	2,743,167	1,941,856	2,977,045	1,074,607
Other revenue	1,366,301	1,453,383	1,303,383	1,569,378	1,060,366
Total revenues	<u>19,207,046</u>	<u>20,670,727</u>	<u>20,706,807</u>	<u>23,599,957</u>	<u>19,143,390</u>
<b>Expenses</b>					
Educational	14,971,836	14,479,368	13,286,324	13,927,300	13,102,467
General and administrative	3,173,284	3,889,218	3,878,264	4,113,727	4,569,590
Capital outlay	991,674	429,125	4,156,687	3,897,097	1,989,343
Debt service	42,704	42,704	42,303	40,661	42,704
Total expenses	<u>19,179,498</u>	<u>18,840,415</u>	<u>21,363,578</u>	<u>21,978,785</u>	<u>19,704,104</u>
<b>Change in Net Position</b>	27,548	1,830,312	(656,771)	1,621,172	(560,714)
<b>Interest Income/(Loss)</b>	49,105	(19,944)	12,540	12,034	54,706
<b>USDA Loan Proceeds</b>	-	-	-	-	100,113
<b>Net Change in Fund Balance</b>	<u>\$ 76,653</u>	<u>\$ 1,810,368</u>	<u>\$ (644,231)</u>	<u>\$ 1,633,206</u>	<u>\$ (405,895)</u>

# Northwest Indian College

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## Management's Discussion and Analysis

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### General Fund Budgetary Highlights (continued)

Figure 10 is prepared from the College's audited Statement of Net Position which is presented on an accrual basis of accounting whereby assets costing \$5,000 or more are capitalized and depreciated. Current assets are made up primarily of cash, short term investments, and federal grants receivable. Noncurrent assets comprise building, building improvements, and current expenses of capitalized construction in progress.

Figure 10: Statement of Net Position

	2016	2015	2014	2013
<b>Assets</b>				
Current	4,758,134	\$ 4,437,622	\$ 2,933,548	\$ 3,628,531
Noncurrent	\$ 21,148,536	21,026,588	22,054,201	18,779,809
Total assets	<u>25,906,670</u>	<u>25,464,210</u>	<u>24,987,749</u>	<u>22,408,340</u>
<b>Liabilities</b>				
Current	1,385,264	1,140,179	1,446,473	1,496,645
Noncurrent	670,163	684,939	699,497	710,699
Total liabilities	<u>2,055,427</u>	<u>1,825,118</u>	<u>2,145,970</u>	<u>2,207,344</u>
<b>Net Position</b>				
Net investment in capital assets	20,261,094	20,025,596	20,288,651	16,703,637
Restricted	-	-	-	-
Unrestricted	<u>3,590,149</u>	<u>3,613,496</u>	<u>2,553,128</u>	<u>3,497,359</u>
Total net position	<u>\$ 23,851,243</u>	<u>\$ 23,639,092</u>	<u>\$ 22,841,779</u>	<u>\$ 20,200,996</u>

# Northwest Indian College

## Management's Discussion and Analysis

### General Fund Budgetary Highlights (continued)

Figure 11: Changes in Capital Assets

	Balance at June 30, 2015	Additions/ Reclassification s	Disposals/ Reclassification s	Balance at June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 58,552	\$ 156,197	\$ (51,709)	\$ 163,040
Total capital assets not being depreciated	<u>58,552</u>	<u>156,197</u>	<u>(51,709)</u>	<u>163,040</u>
Capital assets being depreciated:				
Land improvements	2,036,612	-	-	2,036,612
Buildings and improvements	21,705,719	486,960	-	22,192,679
Equipment and vehicles	1,879,138	400,226	(126,715)	2,152,649
Total capital assets being depreciated	<u>25,621,469</u>	<u>887,186</u>	<u>(126,715)</u>	<u>26,381,940</u>
Less accumulated depreciation:				
Land improvements	(263,888)	(53,361)	-	(317,249)
Buildings and improvements	(3,197,051)	(541,940)	-	(3,738,991)
Equipment and vehicles	(1,492,494)	(174,425)	126,715	(1,540,204)
Total accumulated depreciation	<u>(4,953,433)</u>	<u>(769,726)</u>	<u>126,715</u>	<u>(5,596,444)</u>
Net capital assets being depreciated	<u>20,668,036</u>	<u>117,460</u>	<u>-</u>	<u>20,785,496</u>
Net capital assets	<u>\$ 20,726,588</u>	<u>\$ 273,657</u>	<u>\$ (51,709)</u>	<u>\$ 20,948,536</u>

## College-wide Financial Statements

# Northwest Indian College

## Statement of Net Position

June 30, 2016

	Primary Government College-wide 2016	Component Unity Foundation 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,032,815	\$ 542,260
Investments	2,561,361	5,588,468
Contributions receivable	100,000	-
Receivables:		
Grants	545,600	-
Other	2,301,463	-
Allowance for doubtful accounts	(1,789,785)	-
Inventory	6,680	-
Total current assets	<u>4,758,134</u>	<u>6,130,728</u>
Noncurrent assets:		
Capital assets:		
Land improvements	2,036,612	202,975
Buildings and improvements	22,192,679	-
Machinery and equipment	2,152,649	10,000
Accumulated depreciation	(5,596,444)	(10,000)
Construction in progress	163,040	-
Total capital assets	<u>20,948,536</u>	<u>202,975</u>
Contributions receivable	200,000	-
Total noncurrent assets	<u>21,148,536</u>	<u>202,975</u>
Total assets	<u>25,906,670</u>	<u>6,333,703</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	204,105	31,672
Accrued expenses	239,270	-
Unearned revenue	924,610	-
Current portion of long-term obligations	17,279	-
Total current liabilities	<u>1,385,264</u>	<u>31,672</u>
Noncurrent liabilities:		
Noncurrent portion of long-term obligations	670,163	-
Total liabilities	<u>2,055,427</u>	<u>31,672</u>
Net Position		
Net investment in capital assets	20,261,094	202,975
Permanently restricted	-	1,579,775
Temporarily restricted	-	4,865,397
Unrestricted	3,590,149	(346,116)
Total net position	<u>\$ 23,851,243</u>	<u>\$ 6,302,031</u>

See accompanying independent auditors' report and notes to basic financial statements.



# Northwest Indian College

## Statement of Activities

June 30, 2016

Functions/Programs	Expenses	Program Revenues				Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services		Operating Grants and Contributions	Capital Grants and Contributions	College 2016	Foundation 2016
		Tuition and Fees	Sales, Services, and Other Revenues				
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General and administrative	\$ 3,972,164	\$ -	\$ 366,961	\$ 4,822,363	\$ -	\$ 1,217,160	\$ -
Education:							
Instruction	7,812,456	2,558,064	-	6,205,235	-	950,843	-
Student services	984,760	-	962,503	51,255	-	28,998	-
Student aid	3,704,010	-	-	3,003,444	-	(700,566)	-
Operations and maintenance	2,234,905	-	-	731,330	-	(1,503,575)	-
Libraries	235,705	-	-	5,783	-	(229,922)	-
Total governmental activities	<u>\$ 18,944,000</u>	<u>\$ 2,558,064</u>	<u>\$ 1,329,464</u>	<u>\$ 14,819,410</u>	<u>\$ -</u>	<u>(237,062)</u>	<u>-</u>
<b>COMPONENT UNIT:</b>							
Foundation	\$ 313,653	\$ -	\$ -	\$ 86,157			(227,496)
	<u>\$ 313,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,157</u>			<u>(227,496)</u>
General revenues:							
Transfers						400,108	(400,108)
Investment income (loss)						49,105	(44,503)
						<u>449,213</u>	<u>(444,611)</u>
<i>CHANGE IN NET POSITION</i>						212,151	(672,107)
<i>NET POSITON, BEGINNING OF YEAR AS RESTATED</i>						<u>23,639,092</u>	<u>6,974,138</u>
<i>NET POSITION, ENDING</i>						<u>\$ 23,851,243</u>	<u>\$ 6,302,031</u>

See accompanying independent auditors' report and notes to basic financial statements.

**Fund Financial Statements**

# Northwest Indian College

## Balance Sheets – Governmental Funds

June 30, 2016

	General Fund	Grants and Contracts Fund	Total Governmental Funds
<i>Assets</i>			
Cash and cash equivalents	\$ 1,032,815	\$ -	\$ 1,032,815
Investments	2,561,361	-	2,561,361
Receivables:			
Grants	-	545,600	545,600
Contributions receivable	100,000	-	100,000
Other	2,301,463	-	2,301,463
Allowance for doubtful accounts	(1,789,785)	-	(1,789,785)
Due from other funds	-	379,010	379,010
Inventory	6,680	-	6,680
Total assets	<u>\$ 4,212,534</u>	<u>\$ 924,610</u>	<u>\$ 5,137,144</u>
<i>Liabilities and Fund Balances</i>			
<i>LIABILITIES:</i>			
Accounts payable	\$ 204,105	\$ -	\$ 204,105
Accrued expenses	239,270	-	239,270
Unearned revenue	-	924,610	924,610
Due to other funds	379,010	-	379,010
Total liabilities	<u>822,385</u>	<u>924,610</u>	<u>1,746,995</u>
<i>FUND BALANCES:</i>			
Nonspendable	6,680	-	6,680
Unassigned	3,383,469	-	3,383,469
Total fund balance	<u>3,390,149</u>	<u>-</u>	<u>3,390,149</u>
Total liabilities and fund balances	<u>\$ 4,212,534</u>	<u>\$ 924,610</u>	<u>\$ 5,137,144</u>

See accompanying independent auditors' report and notes to basic financial statements.

# Northwest Indian College

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## Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2016

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Fund balances - governmental funds	\$ 3,390,149
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,948,536
Amounts reported for governmental activities in the statement of net position are different because noncurrent receivables (contribution) used in governmental activities are not financial resources and, therefore, are not reported in the funds.	200,000
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	<u>(687,442)</u>
Net position of governmental activities	<u><u>\$ 23,851,243</u></u>

See accompanying independent auditors' report and notes to basic financial statements.

# Northwest Indian College

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

June 30, 2016

	General Fund	Grants and Contracts Fund	Total Governmental Funds
<i>REVENUES:</i>			
Federal grants	\$ 4,274,630	\$ 8,336,244	\$ 12,610,874
State grants	-	779,778	779,778
Other grants	-	844,938	844,938
Contributions - NWIC Foundation	400,108	-	400,108
Contributions - Other	646,983	-	646,983
Tuition and fees	2,558,064	-	2,558,064
Indirect cost recovery	366,961	-	366,961
Interest income (loss)	49,105	-	49,105
Other income	929,839	69,501	999,340
Total revenues	<u>9,225,690</u>	<u>10,030,461</u>	<u>19,256,151</u>
<i>EXPENDITURES:</i>			
Current:			
General and administrative	2,829,095	344,189	3,173,284
Education:			
Instruction	3,105,909	4,706,547	7,812,456
Student services	542,113	442,647	984,760
Student aid	203,297	3,500,713	3,704,010
Operations and maintenance	1,833,788	401,117	2,234,905
Libraries	222,793	12,912	235,705
Debt service:			
Principal	13,550	-	13,550
Interest	29,154	-	29,154
Capital outlay	369,338	622,336	991,674
Total expenses	<u>9,149,037</u>	<u>10,030,461</u>	<u>19,179,498</u>
<i>NET CHANGE IN FUND BALANCES</i>	76,653	-	76,653
<i>FUND BALANCES, BEGINNING OF YEAR</i>	<u>3,313,496</u>	<u>-</u>	<u>3,313,496</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 3,390,149</u>	<u>\$ -</u>	<u>\$ 3,390,149</u>

See accompanying independent auditors' report and notes to basic financial statements.

# Northwest Indian College

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## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2016

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Net Change in fund balances - governmental funds	\$	76,653
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets are allocated over their useful lives as depreciation expense. In the current period, the cost of these assets and the current period depreciation expense are:		
Capital outlay	\$	991,674
Depreciation expense		<u>(769,726)</u>
		221,948
Current year decrease in long-term receivables (Contributions)		(100,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of long-term debt retirement.		<u>13,550</u>
Change in net position of governmental activities	\$	<u><u>212,151</u></u>

See accompanying independent auditors' report and notes to basic financial statements.

# Northwest Indian College

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## Notes to Basic Financial Statements

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### ***NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:***

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Northwest Indian College (the College) is chartered by Lummi Indian Business Council (LIBC) as a nonprofit post-secondary education institute designed to provide educational services at various Tribal locations. The College is governed by a Board of Trustees. Members of the Board go through an interview and appointment process by LIBC and then are elected by other members of the Board. The College is located in Bellingham, Washington.

The financial statements of the College conform with generally accepted accounting principles (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB pronouncements constitute GAAP for government entities and colleges.

#### ***A. Reporting Entity***

##### Legal Entity

All the entities (funds, agencies, departments, and offices) that are not legally separate are part of the College's primary government for financial reporting purposes.

##### Component Units

Component units are legally separate organizations for which the College is financially accountable and/or for which the nature and significance of their relationship with the College is such that exclusion would cause the financial statements to be misleading or incomplete.

The College is considered to be financially accountable for an organization when either:

1. The College appoints a voting majority of the organization's governing body and can impose its will on that organization; or
2. There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the College.

##### *Blended Component Units*

Despite being legally separate, component units that are so intertwined with the primary government that they are, in substance, the same as the primary government are reported as part of the primary government. The criteria used for this determination are:

# Northwest Indian College

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## Notes to Basic Financial Statements

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### *NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):*

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#### *A. Reporting Entity (continued)*

##### *Blended Component Units (continued)*

1. The component unit's governing body is substantively the same as the governing body of the primary government; or
2. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government by providing services that the primary government would have provided if they were not provided by the component unit.

The College does not have any component units meeting either of these criteria.

##### *Discrete Component Units*

Component units not meeting the criteria for blending with the primary government are discretely presented in the financial statements. Discrete presentation entails reporting component unit financial data in a column separate from the financial data of the College's primary government.

Northwest Indian College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, can only be used by, or for the benefit of the College. The Foundation is a component unit of the College based on the criteria of Governmental Accounting Standards (GASB) Statement 61. This report presents the Foundation's financial condition and activities as a discretely presented separate component unit in the College's financial statements.

The Foundation reports, in separate financial statements, its financial results in accordance with Financial Accounting Standards Board (FASB) pronouncements and guidance. As such, revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's financial information in the College's financial statements for these differences. The Foundation presents information about their financial position and activities according to the following three classes of net assets, depending on the existence and nature of donor restrictions.



# Northwest Indian College

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## Notes to Basic Financial Statements

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### *NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):*

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#### *B. Reporting Entity (continued)*

##### Component Units (continued)

##### *Discrete Component Units (continued)*

Under FASB, the Foundations net assets are described as follows:

- Unrestricted net assets – Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control.
- Temporarily restricted net assets – Support received subject to donor-imposed restrictions or time restrictions.
- Permanently restricted net assets – Support received subject to donor-imposed restrictions stipulating that funds be invested in perpetuity.

For presentation purposes, in the College's financial statements, temporarily restricted net assets have been shown as expendable net position and permanently restricted net assets have been shown as nonexpendable net position.

The Foundation's financial statements can be acquired at the following address:

Northwest Indian College Foundation  
2522 Kwina Road  
Bellingham , WA 98226

#### *C. Basis of Presentation*

##### *Basic Financial Statements*

The basic financial statements of the College include the government-wide and the fund financial statements.

##### *Government-wide Financial Statements*

The College-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

# Northwest Indian College

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## Notes to Basic Financial Statements

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### *NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):*

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#### ***B. Basis of Presentation (continued)***

##### *Government-wide Financial Statements (continued)*

Nonexchange transactions, in which the College gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

These statements include the financial activities of the overall College. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the College's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. Program revenues include program fees for services and grants and contributions restricted to a particular program. Revenues that are not classified as program revenues are presented as general revenues. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

##### *Fund Financial Statements*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College, the accounts of the College are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. Current general funds are used to account for all resources over which the Board of Trustees has discretionary control, except those unrestricted funds previously invested by the Board in facilities and equipment. Current restricted funds are used to account for amounts restricted by outside sources. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds.

The fund financial statements provide information about the College's funds. The emphasis of fund financial statements is on major governmental funds, each is displayed in a separate column.

The College reports the following major governmental funds:

General Fund - The general fund is the College's primary operating fund. It accounts for all governmental financial resources, except those required to be accounted for in another fund.

## Notes to Basic Financial Statements

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### *NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):*

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#### ***B. Basis of Presentation (continued)***

##### *Fund Financial Statements (continued)*

*Grants and Contracts Fund* - The grants and contracts fund accounts for all amounts received under federal, state, and other grants and contracts.

#### ***C. Basis of Accounting***

The College-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method revenue is recognized when measurable and available. A one-year availability period is used for revenue recognition for governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

*Budgets* - The College does adopt an annual budget for its general fund and utilizes program budgets for special revenue funds. These budgets are established within the grant or contract documents, and are approved by the Board of Trustees and the applicable grantor. Several grant and contract terms are not congruent to the College's financial reporting period, causing a budget-to-actual comparison to be misleading. Therefore, the College does not present budgetary comparison information as required supplementary information. This would be required under U.S. generally accepted accounting principles had the adoption of an annual budget been mandated by law.

#### ***D. Cash and Cash Equivalents***

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less, including demand deposits, overnight investment sweeps and money market mutual funds. By policy, the College does not allow its temporary cash deposits to exceed federally insured limits. However, granting agencies often transfer funds electronically into the College's bank accounts without prior notice. As a result, cash balances may occasionally exceed insured limits, until such time as management is able to reallocate the funds.

# Northwest Indian College

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## Notes to Basic Financial Statements

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### *NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):*

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#### *E. Inventories*

Inventories consist of bookstore merchandise held for resale. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) average cost method. The cost of inventory is recorded as cost of sales or expenditures at the time individual inventory items are sold or used.

#### *F. Capital Assets*

Capital assets are recorded at historical cost. Contributed assets, including those from the federal government, are recorded at estimated fair value on the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

Governmental Funds Asset Category	Capitalization Threshold	Years
Land improvements	\$ 5,000	30
Buildings and building improvements	5,000	30-40
Modular buildings	5,000	15
Furniture and fixtures	5,000	5
Equipment	5,000	5
Computers	5,000	3
Vehicles	5,000	5

Depreciation is provided using the straight-line method over estimated useful lives.

The College determines, or estimates, historical infrastructure costs by reference to historical records, by appraisal, or by determining:

- estimated costs appropriate for the construction or acquisition date if actual historical costs were not available, or
- current cost adjusted for the price change from the date of construction or acquisition to the current date.

## Notes to Basic Financial Statements

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### *NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):*

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#### ***G. Interfund Receivables/Payables***

The College maintains a single checking account into which all funds are deposited and from which all expenditures are paid. The due from other funds in the general fund represents the cumulative excess of disbursements over receipts in the general checking account for the grants and contracts fund.

#### ***H. Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***I. Compensated Absences***

The College accrues unpaid vacation for noncertified staff in the general fund. Accrued sick leave is not recorded since the College has no legal obligation to pay such benefits upon termination. Accrued expenses include \$32,720 of accrued vacation at June 30, 2016.

#### ***J. Donated Materials***

Donated materials and services are recorded at market value when received.

#### ***K. Prepaid Expenses***

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid expenses.

#### ***L. Deferred Revenue***

The College defers the recognition of revenue to the extent that cash received exceeds program expenditures.

#### ***M. Federal Income Tax***

As a Tribally chartered institution, the College has no federal income tax liability.

## Notes to Basic Financial Statements

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### *NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):*

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#### ***N. Accounts Receivable***

Accounts receivable include student tuition and fees receivable recorded on an accrual basis. An allowance for doubtful accounts is made in the general fund for tuition and fees deemed uncollectible. An allowance is recorded in the grants and contracts fund for grants receivable older than one year.

#### ***O. Fund Balance***

The College uses GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the College itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the College takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the College intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The College would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

## Notes to Basic Financial Statements

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### *NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):*

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#### **New Accounting Standards Implemented During the Year Ended June 30, 2016**

The following pronouncements of the Governmental Accounting Standards Board became effective and were implemented during the year ended June 30, 2016:

- GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This Statement is to improve accounting and financial reporting by state and local governments for pensions. The adoption of Statement No. 68 did not result in any significant changes in the College's accounting and reporting practices.
- GASB Statement No. 69 - *Government Combinations and Disposals of Government Operations*. This statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The adoption of Statement No. 69 did not result in any significant changes in the College's accounting and reporting practices.
- GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The adoption of Statement No. 70 did not result in any significant changes in the College's accounting and reporting practices.
- GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. This Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The adoption of Statement No. did not result in any significant changes in the College's accounting and reporting practices.

# Northwest Indian College

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## Notes to Basic Financial Statements

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### NOTE 2 — CASH AND INVESTMENTS:

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At June 30, 2016, cash and cash equivalents consisted of the following:

Governmental activities:	
Cash in demand deposits	\$ 1,031,665
Cash on hand	1,150
Total cash and cash equivalents	<u>\$ 1,032,815</u>

For the governmental activities, at June 30, 2016, the carrying amount of deposits was \$1,031,665 and the bank balance was \$748,333. Of the bank balance, \$250,000 was insured by Federal Deposit Insurance Corporation (FDIC), \$250,000 was insured by Securities Investor Protection Corporation (SIPC) insurance, and the remaining \$870,471 was uninsured and uncollateralized.

Component Unit:

All cash is deposited in various Foundation checking and investment accounts. At June 30, 2016, the amount of deposits held at the bank was \$546,731. Of the bank balance, \$42,382 was covered by the Federal Deposit Insurance Corporation (FDIC), \$500,000 was covered by the Securities Investor Protection Corporation (SIPC), and the remaining balance of \$4,349 was uninsured and uncollateralized.

### Investments

At year end, the College had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Greater than 10
		Less than 1	1 - 5	6 - 10	
U.S. Agency Securities	\$ 1,561,215	\$ -	\$ 25,073	\$ -	\$ 1,536,142
Corporate Bonds	510,857	355,513	155,344	-	-
Certificate of Deposit	489,289	489,289	-	-	-
Total	<u>\$ 2,561,361</u>	<u>\$ 844,802</u>	<u>\$ 180,417</u>	<u>\$ -</u>	<u>\$ 1,536,142</u>

**Interest Rate Risk** – As a means of limiting its exposure to interest rate risk, the College diversifies its investments by security type. The College coordinates its investment maturities to closely match cash flow needs.

**Credit Risk** – College policy limits investments to those only in the safest securities which include those backed by the U.S. government or its agencies; those which have insurance on principal backed by the FDIC or Federal Savings and Loan Insurance Corporation (FSLIC); or those which have legally required collateral backing on the invested principal.



# Northwest Indian College

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## Notes to Basic Financial Statements

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### NOTE 2 — CASH AND INVESTMENTS (continued):

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Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Credit quality distribution for investments, with credit exposure as a percentage of total investments (total investments include U.S. government obligations, direct investments, and equity securities, which are not represented in this table) are as follows at year end for College activities.

<u>Rating</u>	<u>Investment Type</u>	<u>Percentage</u>
AA+	U.S. Agency Securities	75.35%
AA+	Corporate Bonds	1.71%
A+	Corporate Bonds	1.22%
A	Corporate Bonds	2.40%
A-	Corporate Bonds	1.24%
BBB+	Corporate Bonds	4.89%
BBB	Corporate Bonds	5.04%
BBB-	Corporate Bonds	1.21%
B-	Corporate Bonds	6.03%
D	Corporate Bonds	0.91%

The carrying amount of these investments is fair value. These investments are held by a financial institution in the name of the College.

#### Component Unit:

The Foundation's investments are held by an agent in the Foundation's name and are covered by the SIPC up to \$500,000.

	<u>Market Value</u>
Equities	\$ 4,688,795
Fixed Income Mutual Funds	480,725
Non-traditional Mutual Funds	418,948
Total investments	<u>\$ 5,588,468</u>

# Northwest Indian College

## Notes to Basic Financial Statements

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### **NOTE 3 — INVESTMENTS WITH THE WESTERN FOUNDATION:**

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Component Unit:

During 1992, the Foundation received a \$400,000 grant under the U.S. Department of Education Endowment Challenge Grant Program, which was matched by a \$200,000 contribution from Western Washington University (WWU) and included in the investment with the Western Foundation, which had a balance of \$1,209,675 as of June 30, 2016. Under the terms of a 20-year agreement between the Foundation and WWU, both amounts comprise the corpus of an endowment fund managed by the Western Foundation and held in equity and bond funds. Up to half the earnings from the fund may be expended for scholarships to needy students who are recommended by the Foundation. At the end of the 20-year period in 2012, both the Foundation and WWU may reclaim their pro rata share of the fund. However the agreement will continue at the agreement of both parties.

### **NOTE 4 — ENDOWMENT FUND:**

---

Component Unit:

The Foundation's endowment fund consists of permanently and temporarily restricted net assets. Permanently restricted net positions include matching funds received from donors and the Bureau of Indian Affairs (BIA) Endowment Program.

The remainder of the endowment fund is made up of temporarily restricted net assets, which primarily represents matching funds received from donors and the U.S. Department of Education Endowment Challenge Grant Program. During the 20-year grant period, the Foundation may expend up to half of the fund's earnings. At the end of the grant period in the year 2012, the U.S. Department of Education funds may be used for any educational purpose the Foundation deems suitable, however the Foundation chose to leave the funds in the endowment.

Following is a summary of activity in the endowment fund during fiscal year 2016:

	Bureau of Indian Affairs	Other	Total
Balance June 30, 2015	\$ 666,812	\$ 6,124,330	\$ 6,791,142
Contributions	-	200	200
Investment earnings, free of net losses	(7,047)	(97,263)	(104,310)
Earnings transferred from endowment fund, net	(28,987)	(412,991)	(441,979)
Balance, June 30, 2016	<u>\$ 630,778</u>	<u>\$ 5,614,276</u>	<u>\$ 6,245,053</u>

# Northwest Indian College

## Notes to Basic Financial Statements

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### **NOTE 5 — CONTRIBUTIONS RECEIVABLE:**

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The College has a receivable from Twenty-nine Palms Band of Mission Indians with three years remaining. The following below is a summary of amounts at June 30, 2016:

	Twenty-nine Palms Band of <u>Mission Indians</u>
2017	\$ 100,000
2018	100,000
2019	100,000
Total contributions receivable	<u>\$ 300,000</u>

The College believes the entire amount will be collected, and therefore, has not established an allowance for uncollectible amounts.

### **NOTE 6 — ACCRUED AND DEFERRED REVENUE:**

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Amounts recorded as deferred revenue represent funds received from awards in excess of expenditures incurred. Amounts recorded as accrued revenue represent those awards with allowable expenditures in excess of amounts received. The net accrued revenue and deferred revenue at June 30, 2016, are summarized below:

<u>Agency</u>	Accrued Revenue	Deferred Revenue
U.S. Department of Education	\$ 131,011	\$ 124,030
U.S. Department of Health and Human Services	63,045	5,017
U.S. Department of Agriculture	143,974	12,871
U.S. Department of the Interior	-	30,018
U.S. Environmental Protection Agency	2,000	-
U.S. Department of Commerce	9,073	-
Institute of Museum and Library Services	10,929	132
National Aeronautic and Space Administration	28,916	1,125
National Science Foundation	61,313	157
Corporation for National and Community Service	66	-
State and other assistance	95,273	751,260
Total all sources	<u>\$ 545,600</u>	<u>\$ 924,610</u>

# Northwest Indian College

## Notes to Basic Financial Statements

### NOTE 7 — CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2016, is summarized as follows:

	Balance at June 30, 2015	Additions/ Reclassifications	Disposals/ Reclassifications	Balance at June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 58,552	\$ 156,197	\$ (51,709)	\$ 163,040
Total capital assets not being depreciated	58,552	156,197	(51,709)	163,040
Capital assets being depreciated:				
Land improvements	2,036,612	-	-	2,036,612
Buildings and improvements	21,705,719	486,960	-	22,192,679
Equipment and vehicles	1,879,138	400,226	(126,715)	2,152,649
Total capital assets being depreciated	25,621,469	887,186	(126,715)	26,381,940
Less accumulated depreciation:				
Land improvements	(263,888)	(53,361)	-	(317,249)
Buildings and improvements	(3,197,051)	(541,940)	-	(3,738,991)
Equipment and vehicles	(1,492,494)	(174,425)	126,715	(1,540,204)
Total accumulated depreciation	(4,953,433)	(769,726)	126,715	(5,596,444)
Net capital assets being depreciated	20,668,036	117,460	-	20,785,496
Net capital assets	\$ 20,726,588	\$ 273,657	\$ (51,709)	\$ 20,948,536

Significant portions of the College's assets were acquired with governmental funds. Under the terms of most grants, the granting agency has a reversionary interest in assets purchased with grant funds, and could, at its discretion, require their return upon termination of the grant programs.

Depreciation expense of \$769,726 was charged to the general fund under the general and administrative function.

# Northwest Indian College

## Notes to Basic Financial Statements

### NOTE 7 — CAPITAL ASSETS (continued):

*Component Unit:*

Capital assets activity for the year ended June 30, 2016, is summarized as follows:

	Balance at June 30, 2015	Additions/ Reclassifications	Disposals/ Reclassifications	Balance at June 30, 2016
Capital assets not being depreciated:				
Land	\$ 202,975	\$ -	\$ -	\$ 202,975
Total capital assets not being depreciated	<u>202,975</u>	<u>-</u>	<u>-</u>	<u>202,975</u>
Capital assets being depreciated:				
Equipment	10,000	-	-	10,000
Total capital assets being depreciated	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Less accumulated depreciation:				
Equipment	(10,000)	-	-	(10,000)
Total accumulated depreciation	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Net capital assets being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net capital assets	<u>\$ 202,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,975</u>

### NOTE 8 — LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2016, were as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
USDA Loan	<u>\$ 700,992</u>	<u>\$ -</u>	<u>\$ (13,550)</u>	<u>\$ 687,442</u>	<u>\$ 17,279</u>

# Northwest Indian College

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## Notes to Basic Financial Statements

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### NOTE 9 — LONG-TERM LIABILITIES (continued):

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Long-term liabilities at June 30, 2016, are summarized as follows:

During fiscal year 2007, the College obtained a loan from the United States Department of Agriculture Rural Development in an amount not to exceed \$800,000. The interest rate is 4.375% per annum. The proceeds from the loan and the contributions from various sources will be used in the construction of student housing. The first payment including principal and interest started on November 6, 2007, and will be repayable over a period not to exceed 40 years. The payments shall be paid in installments of \$42,704 per year which includes principal and interest.

	\$ 687,442
Less current maturities	(17,279)
Total long-term debt, net of current maturities	<u>\$ 670,163</u>

Annual debt service requirements to maturity for notes payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2017	17,279	25,425	42,704
2018	17,927	24,777	42,704
2019	18,600	24,104	42,704
2020	19,297	23,407	42,704
2021	20,021	22,683	42,704
2022-2026	111,944	101,576	213,520
2027-2031	134,568	78,952	213,520
2032-2036	161,764	51,756	213,520
2037-2041	186,042	9,613	195,655
	<u>\$ 687,442</u>	<u>\$ 362,293</u>	<u>\$ 1,049,735</u>

### NOTE 10 — RETIREMENT PLAN:

---

The College has an employer defined contribution plan, administered by the College. The College currently makes a monthly contribution to each classified and administrative employee and faculty member's Supplemental Retirement Annuity Account. The accounts are invested with Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF). Employees can also make additional contributions through salary deferrals.

During the year ended June 30, 2016, employer and employee contributions were \$283,050 and \$40,676, respectively, to the Plan.

# Northwest Indian College

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## Notes to Basic Financial Statements

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### **NOTE 11 — RISK MANAGEMENT:**

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The College is insured against losses related to general property and auto liabilities, workers' compensation, and employee medical claim.

The College faces a considerable number of risks of loss, including:

- a) damage to and destruction and loss of property contents;
- b) environmental damage;
- c) workers' compensation (i.e., employee injuries)
- d) tort actions; and
- e) errors and omissions

A variety of methods are used to provide insurance for these risks. Commercial insurance policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, tort actions, and errors and omissions. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

### **NOTE 12 — ECONOMIC DEPENDENCY:**

---

The College receives substantially all of their support for the grants and contracts fund from federal agencies and state and local governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the College's grant and contract programs and activities and capital projects.

### **NOTE 13 — CONCENTRATION OF CREDIT RISK:**

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#### *Component Unit:*

Financial instruments that subject the Foundation to concentrations of credit risk consist of cash and marketable securities. The Foundation places its temporary cash investments with major financial institutions. At times, deposits may exceed federally insured limits. Investments in marketable securities consist of fixed income and equity investments (see Note 2).

# Northwest Indian College

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## Notes to Basic Financial Statements

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### **NOTE 14 — PUBLIC SUPPORT:**

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Component Unit:

The following detail of public support lists supporters who made contributions, special events revenue, and grants of \$1,000 or more in 2016.

Ecotrust/Native Scholarship	\$	20,000
Longesot Health Career Scholarship		16,000
Robbin/Freeman		15,357
Boeing Scholarship		12,500
Skagit River Salmon Festival		7,500
Muckleshoot Casino		5,000
Gloria Gularte		5,000
St. James Presbyterian Church		1,000
Seattle Foundation		1,000
Other- under \$1,000 individually		2,503
Total	\$	<u>85,860</u>

### **NOTE 15 — UNRESTRICTED NET POSITION:**

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Component Unit:

The Foundation's unrestricted net position has a deficit of \$143,141 at June 30, 2016. The deficit balance in unrestricted net position is the result of expenditures exceeding revenues. Northwest Indian College Foundation has entered into a commitment agreement with the College to provide necessary financial support to assure the Foundation remains operational.

### **NOTE 16 — FAIR VALUE MEASUREMENTS:**

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Component Unit:

Generally accepted accounting principles 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).



# Northwest Indian College

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## Notes to Basic Financial Statements

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### **NOTE 16 — FAIR VALUE MEASUREMENTS (continued):**

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The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active. The Foundation currently does not have any financial investments it values based on Level 2 inputs.

Level 3 inputs are the most subjective, and are generally based on the entity's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. The Foundation currently does not have any financial investments it values based on Level 3 inputs.

Fair value of assets measured on a recurring basis at June 30, 2016 was as follows:

	Total	Level 1	Level 2	Level 3
Equities	\$ 4,688,795	\$ 4,688,795	\$ -	\$ -
Fixed Income Mutual Funds	480,725	480,725	-	-
Non-traditional Mutual Funds	418,948	418,948	-	-
	<u>\$ 5,588,468</u>	<u>\$ 5,588,468</u>	<u>\$ -</u>	<u>\$ -</u>

### **NOTE 17 — SUBSEQUENT EVENTS:**

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The College's management has evaluated events of transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through March 31, 2017, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Component Unit:

The Foundation's management has evaluated events of transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through March 31, 2017, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

# Northwest Indian College

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## Notes to Basic Financial Statements

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### *NOTE 18 — PRIOR PERIOD ADJUSTMENT:*

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Component Unit:

It was discovered that BIA Matching Funds endowment account has been historically misstated. The account has been overstated by \$125,000 due to an error in a prior period. The result is that the endowment account value is \$125,000 lower than previously report and the corresponding endowment balances in NOTE 5 were higher by \$125,000 in prior years related to the error as well as temporarily restricted net assets were overstated in prior years by \$125,000. In addition, the Foundation received Challenge Grant Funds should have been released from restrictions in 2012. The result was that the endowment balance and corresponding temporarily net assets were overstated by \$744,546 in the prior period. The result of both of these adjustments was a total decrease in endowment balances and temporarily restricted net assets of \$869,546 and an increase in unrestricted net assets of 869,546. As a result, beginning net assets have been adjusted by these amounts in the accompanying financial statements.

	Permanently Restricted	Temporarily Restricted	Unrestricted	Total
Net Assets, Beginning of Year	\$ 1,579,775	\$ 6,299,679	\$ (905,316)	\$ 6,974,138
Prior period adjustment for BIA Matching	-	(125,000)	125,000	-
Prior period adjustment for Challenge Grant funds	-	(744,546)	744,546	-
Net assets, Beginning of Year, as restated	<u>\$ 1,579,775</u>	<u>5,430,133</u>	<u>(35,770)</u>	<u>\$ 6,974,138</u>

SINGLE AUDIT

AUDITORS' SECTION

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

Board of Trustees  
Northwest Indian College  
Bellingham, Washington

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the discrete component unit of Northwest Indian College (the College) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated March 31, 2017.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Smsler + Butler, CPAs, PLLC*

Gilbert, Arizona  
March 31, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

Board of Trustees  
Northwest Indian College  
Bellingham, Washington

**Report on Compliance for Each Major Federal Program**

We have audited the Northwest Indian College (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Northwest Indian College's basic financial statements include the operations of the Northwest Indian College Foundation (a discrete component unit), which received \$630,778 in federal awards which is not included in the schedule during the year ended June 30, 2016. Our audit, described below, did not include the operations of Northwest Indian College Foundation because the entity is a discrete component unit which receives a separate audit in accordance with the Uniform Guidance.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

**Opinion on Each of the Major Federal Programs**

In our opinion, the College 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, 2016.

## Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

*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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item **2016-001**, that we consider to be material weakness.

Northwest Indian College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. College's response was not subjected to the 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.

*Smsler + Butler, CPAs, PLLC*

Gilbert, Arizona  
March 31, 2017



**Section I — Summary of Auditors' Results**

**FINANCIAL STATEMENTS:**

Type of auditors' report issued:

*Qualified*

Internal control over financial reporting:

Material weakness(es) identified?

Yes       No

Significant deficiency(ies) identified?

Yes       No

Noncompliance material to financial statements noted?

Yes       No

**FEDERAL AWARDS:**

Internal control over major programs:

Material weakness(es) identified?

Yes       No

Significant deficiency(ies) identified?

Yes       No

Type of auditors' report issued on compliance for major programs:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 500.516(a)?

Yes       No

# Northwest Indian College

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## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

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### Section I — Summary of Auditors' Results (continued)

#### FEDERAL AWARDS (continued):

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
47.076	Education and Human Resources
84.031	Higher Education _ Institutional Aid
84.007, 84.033, 84.063	Student Financial Assistance Cluster

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

Auditee qualified as low-risk auditee?  yes  no

#### Other Matters:

Auditee's Summary Schedule of Prior Audit Findings required to be reported accordance with 2 CFR 500.516(b)?  yes  no

# Northwest Indian College

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## Schedule of Findings and Questioned Costs (Continued)      Year Ended June 30, 2016

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### Section II — Financial Statement Findings

*No financial statement findings for fiscal year 2016*

# Northwest Indian College

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## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

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### Section III — Federal Award Findings and Questioned Costs

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#### 2016-001 – Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness)

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*Federal program(s) affected:*

*Funding agencies:* U.S. Department of Education; National Science Foundation  
*Titles:* Higher Education \_ Institutional Aid; Student Financial Assistance Cluster; Education and Human Resources  
*CFDA numbers:* 84.031; 84.007; 84.033; 84.063; 47.076  
*Award years:* June 2012 through September 2020  
*Pass-through entities:* American Indian Higher Education Consortium; Washington State University; All Nations Louis Stokes Alliance For Minority Participation

*Criteria:* In accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 2 CFR 200.510(b), recipients of federal awards subject to a single audit are to identify and track all federal program awards received and expended. Federal program award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number, name of the federal agency, name of the pass-through entity, amounts provided to subrecipients, and expenditures as determined under 2 CFR 200.502. In addition, the College is required to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards in accordance with 2 CFR 200.510(b).

*Condition:* Various errors were noted in the Schedule of Expenditures of Federal Awards provided by management. These errors included failure to identify pass-through federal program awards from non-federal entities, federal expenditures erroneously excluded or incorrect amounts included, and incorrect CFDA number used.

*Cause and Effect:* Management's review and preparation process of the Schedule of Expenditures of Federal Awards was insufficient to ensure the accuracy and completeness of the financial report. As a result of this condition, the College's Schedule of Expenditures of Federal Awards was initially inaccurate and misstated. Inaccurate financial reports, caused by omissions or other errors not timely identified, limits the usefulness of the financial information for users and could subject the College to the loss or decrease in federal funds if unidentified.

*Auditor's Recommendations:* The College should dedicate sufficient time and resources to strengthen employee's knowledge of federal requirements through additional trainings or seminars and analyze the financial statement process, specifically pertaining to the Schedule of Expenditures and Federal Awards, for preparation and review to determine procedures to revise or implement to aid in identifying and correcting errors in a timely manner.

*Management's Response:*

AUDITEE'S SECTION

# Northwest Indian College

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Award Number	Expenditures
<b>DEPARTMENT OF THE INTERIOR</b>			
<b>Bureau of Indian Education:</b>			
Assistance to Tribally Controlled Community Colleges and Universities Passed Through the American Indian Higher Education Consortium:	15.027	Unknown	\$ 4,274,630
Tribally Controlled Community College Endowments	15.028	A15AC00022	<u>3,582</u>
<b>Total Department of the Interior</b>			<u><u>4,278,212</u></u>
<b>DEPARTMENT OF EDUCATION</b>			
<b>Office of Postsecondary Education:</b>			
Higher Education_Institutional Aid	84.031	P031T100319 P031T100419 P031T150020 P031D150020	2,691,698
TRIO_Student Support Services	84.042	P042A151314	145,523
<b>Office of Career, Technical, and Adult Education:</b>			
Adult Education - Basic Grants to States	84.002	262-BEDA-16 262-BLBG-16 262-WIOA-16 262-CBO-16	50,639
Career and Technical Education - Grants to Native Americans and Alaska Natives	84.101	V101A130032	469,894
<b>Office of Federal Student Aid:</b>			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	P007A147627 P007A157627	69,209
Federal Work-Study Program	84.033	P033A157627	55,376
Federal Pell Grant Program	84.063	P063P143893 P063P153893	<u>1,934,579</u>
Total Student Financial Assistance Cluster			<u><u>2,059,164</u></u>
<b>Office of Special Education and Rehabilitative Services:</b>			
Capacity Building for Traditional Underserved Populations	84.315	H315C150002	<u>172,702</u>
<b>Total Department of Education</b>			<u><u>5,589,620</u></u>

See accompany notes to the Schedule of Expenditures of Federal Awards

# Northwest Indian College

## Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Award Number	Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through the Univeristy of Washington: CMOP	93.Unknown	Unknown	17,004
<b>Student Abuse and Mental Health Services Administration:</b> Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1U79SM061482-01	508,613
<b>National Institutes of Health:</b> Passed Through the Univeristy of Washington: Alcohol Research Programs	93.273	Unknown	14,196
Drug Abuse and Addition Research Programs	93.279	1R015A029002-01	7,314
<b>Indian Health Service:</b> Passed Through the American Indian Higher Education Consortium: Demonstration Projects for Indian Health	93.933	U261IHS0083-01	77,756
<b>Total Department of Health and Human Services</b>			<u>624,883</u>
<b>DEPARTMENT OF COMMERCE</b>			
<b>National Oceanic and Atmospheric Administration (NOAA):</b> Passed Through the Univeristy of Washington: Integrated Ocean Observing System (IOOS) Sea Grant Support	11.012 11.417	NA14NOS0120149 NA140AR4170078	8,089 16,143
Unallied Management Projects	11.454	NA14NMF4540167	32,135
<b>Total Department of Commerce</b>			<u>56,367</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
<b>National Institute of Food and Agriculture:</b> Tribal Colleges Education Equity Grants	10.221	2014-38421-21994	87,406
Tribal Colleges Endowment Program	10.222	2010-38423-06922 2012-38423-06922	152,067
1994 Institutions Research Program	10.227	2012-38424-19745 2013-38424-20995 2013-38424-20991 2015-38424-24030 2015-38424-24032	197,674
Cooperative Extension Service	10.500	2011-47002-30746 2014-47002-22123 2014-47002-22124 2014-47002-22145 2014-47002-22123 WA0730-A16	538,046

See accompany notes to the Schedule of Expenditures of Federal Awards

# Northwest Indian College

## Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Award Number	Expenditures
<b>DEPARTMENT OF AGRICULTURE (Continued)</b>			
<b>Rural Housing Service:</b>			
Community Facilities Loans and Grants	10.766	N/A	271,393
<b>Natural Resources Conservation Service:</b>			
Passed Through the American Indian Higher Education Consortium: Soil and Water Conservation	10.902	69-3A75-14-302	10,000
<b>Total Department of Agriculture</b>			<u>1,256,586</u>
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>			
Native American and Native Hawaiian Library Services	45.311		5,783
<b>Total Institute of Museum and Library Services</b>			<u>5,783</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed Through the American Indian Higher Education Consortium: Tribal ecoAmbassador Program	66.Unknown	EP-W-14-023	18,798
<b>Total Environmental Protection Agency</b>			<u>18,798</u>
<b>NATIONAL AERONAUTIC AND SPACE ADMINISTRATION</b>			
Science	43.001	NNX10AT36A	371
MUREP for American Indian and Alaskan Native STEM Partnership (MAIANSP)	43.Unknown	NNX16AJ77A	27,438
Passed Through the University of Washington: Education	43.008	NNX15AJ98H	11,797
<b>Total National Aeronautic and Space Administration</b>			<u>39,606</u>
<b>NATIONAL SCIENCE FOUNDATION</b>			
Computer and Information Science and Engineering	47.070	ACI-1440617	113,351
Education and Human Resources	47.076	HRD-1023263 DUE-1060692 HRD-1361825 HRD-1417605 HRD-1540675 HRD-1461441	554,127
Passed Through the American Indian Higher Education Consortium: Education and Human Resources	47.076	DUE-1347778	23,000
Passed Through the Washington State University: Education and Human Resources	47.076	120410-G003475	11,391
Passed Through the All Nations Louis Stokes Alliance For Minority Participation: Education and Human Resources	47.076	Unknown	39,150
<b>Total Education and Human Resources</b>			<u>627,668</u>
<b>Total National Science Foundation</b>			<u>741,019</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 12,610,874</u>

See accompany notes to the Schedule of Expenditures of Federal Awards



# Northwest Indian College

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

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### ***NOTE 1 — BASIS OF PRESENTATION:***

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The accompanying schedule of expenditures of federal includes the federal grant activity of Northwest Indian College and is presented on the modified accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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. Pass-through identifying numbers are presented where available.

### ***NOTE 3 — CFDA NUMBERS:***

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Every attempt has been made to determine the correct Catalog of Domestic Federal Assistance (CFDA) number for the federal award programs reported on this Schedule. When the federal agency making the award has not provided the CFDA # and when the appropriate number has not been determined, the number presented in the CFDA # column represents the two-digit federal department number as the prefix of the CFDA # and the suffix has been listed as Unknown.

### ***NOTE 4 – USDA LOAN***

---

The College has an existing USDA Rural Development loan issued in fiscal year 2007. At June 30, 2016 (i.e., the end of the prior-year), the loan was in repayment mode, had no “continuing compliance requirements,” and the ending loan balance is not considered federal financial assistance for fiscal year 2016.

### ***NOTE 5 – CONTINGENT LIABILITIES***

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Although the Schedule of Expenditures of Federal Awards is prepared to the best of our knowledge, amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including the amount already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor, if any, cannot be determined at this time.

# Northwest Indian College

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## Corrective Action Plan

Year Ended June 30, 2016

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<u>Audit Findings</u>	<u>Corrective Action Plan</u>	<u>Person(s) Responsible</u>	<u>Estimated Completion Date</u>
2016-001	See management's response at the finding.	Senior Accountant/Grants & Content Manager	June 30, 2017

# Northwest Indian College

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## Summary Schedule of Prior Audit Findings

Year Ended June 30, 2016

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*No prior year audit findings.*