

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

**Consolidated Financial Statements
and
Independent Auditors' Report
June 30, 2009 and 2008**

EKS&H
**EHRHARDT • KEEFE
STEINER • HOTTMAN PC**
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
First Nations Development Institute and Subsidiary
Longmont, Colorado

We have audited the accompanying consolidated statements of financial position of First Nations Development Institute (a Virginia non-profit corporation) and its subsidiary (collectively, the "Organization") as of June 30, 2009 and 2008, and the related consolidated statements of activities, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Nations Development Institute and Subsidiary and its subsidiary as of June 30, 2009 and 2008, and the results of their activities and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information included in the accompanying schedules is presented only for supplementary analysis purposes and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ehrhardt Keefe Steiner + Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

January 6, 2010
Denver, Colorado

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30.	
	<u>2009</u>	<u>2008</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,092,364	\$ 1,749,375
Short-term investments	741,001	1,025,268
Grants receivable	384,765	654,242
Notes receivable, current portion	60,000	200,000
Government grants receivable	80,695	170,723
Interest receivable	17,364	16,000
Other current receivables, net of allowance of \$15,717 (2009 and 2008)	471,927	625,501
Prepaid expenses	<u>21,372</u>	<u>17,364</u>
Total current assets	<u>3,869,488</u>	<u>4,458,473</u>
Property and equipment		
Furniture, equipment and software	274,093	261,030
Less accumulated depreciation and amortization	<u>(185,786)</u>	<u>(155,958)</u>
Total property and equipment	<u>88,307</u>	<u>105,072</u>
Other assets		
Long-term notes receivable, net of current portion and valuation allowance	2,316,500	1,130,000
Long-term grants receivable, net of current portion and discount	124,331	504,084
Investments	503,125	895,787
Assets restricted for endowment	3,211,087	3,277,700
Security deposits	<u>11,949</u>	<u>12,618</u>
Total other assets	<u>6,166,992</u>	<u>5,820,189</u>
Total assets	<u>\$ 10,124,787</u>	<u>\$ 10,383,734</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 251,914	\$ 201,358
Regrants payable	609,250	449,741
Deferred revenue	682,254	600,592
Short-term debt	2,500	2,500
Current maturities of long-term debt	<u>692,000</u>	<u>150,000</u>
Total current liabilities	2,237,918	1,404,191
Long-term liabilities		
Long-term debt, net of current maturities	<u>2,650,000</u>	<u>3,002,000</u>
Total liabilities	<u>4,887,918</u>	<u>4,406,191</u>
Commitments and contingencies		
Net assets		
Unrestricted	644,473	764,349
Temporarily restricted	1,381,309	1,935,494
Permanently restricted	<u>3,211,087</u>	<u>3,277,700</u>
Total net assets	<u>5,236,869</u>	<u>5,977,543</u>
Total liabilities and net assets	<u>\$ 10,124,787</u>	<u>\$ 10,383,734</u>

See notes to consolidated financial statements.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Consolidated Statements of Activities

	For the Years Ended							
	June 30, 2009			June 30, 2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support								
Grants	\$ 614,870	\$ 2,487,191	\$ -	\$ 3,102,061	\$ 370,798	\$ 3,450,192	\$ -	\$ 3,820,990
Contributions	59,783	700	-	60,483	85,552	120,636	-	206,188
Total public support	<u>674,653</u>	<u>2,487,891</u>	<u>-</u>	<u>3,162,544</u>	<u>456,350</u>	<u>3,570,828</u>	<u>-</u>	<u>4,027,178</u>
Other revenue								
Program service fees	2,086,962	-	-	2,086,962	1,645,276	-	-	1,645,276
Interest and dividend income	79,837	135,451	-	215,288	180,554	143,301	-	323,855
Unrealized loss on investments	(39,987)	(71,449)	(66,613)	(178,049)	(5,446)	-	-	(5,446)
Other	48,930	-	-	48,930	2,895	-	-	2,895
Total other revenue	<u>2,175,742</u>	<u>64,002</u>	<u>(66,613)</u>	<u>2,173,131</u>	<u>1,823,279</u>	<u>143,301</u>	<u>-</u>	<u>1,966,580</u>
Net assets released from restrictions	<u>3,106,078</u>	<u>(3,106,078)</u>	<u>-</u>	<u>-</u>	<u>3,166,209</u>	<u>(3,166,209)</u>	<u>-</u>	<u>-</u>
Total public support and other revenue	<u>5,956,473</u>	<u>(554,185)</u>	<u>(66,613)</u>	<u>5,335,675</u>	<u>5,445,838</u>	<u>547,920</u>	<u>-</u>	<u>5,993,758</u>
Functional expenses								
Program services								
Grantmaking	1,388,986	-	-	1,388,986	1,342,288	-	-	1,342,288
Native Assets Research Center	178,239	-	-	178,239	415,077	-	-	415,077
Policy	376,521	-	-	376,521	186,472	-	-	186,472
Strengthening Native American Philanthropy	167,231	-	-	167,231	20,866	-	-	20,866
Public Education	97,203	-	-	97,203	141,384	-	-	141,384
First Nations Oweesta Corporation	2,141,852	-	-	2,141,852	1,748,381	-	-	1,748,381
Total program services	<u>4,350,032</u>	<u>-</u>	<u>-</u>	<u>4,350,032</u>	<u>3,854,468</u>	<u>-</u>	<u>-</u>	<u>3,854,468</u>
Support services								
Administration	1,165,551	-	-	1,165,551	870,054	-	-	870,054
Development	560,766	-	-	560,766	334,375	-	-	334,375
Total support services	<u>1,726,317</u>	<u>-</u>	<u>-</u>	<u>1,726,317</u>	<u>1,204,429</u>	<u>-</u>	<u>-</u>	<u>1,204,429</u>
Total functional expenses	<u>6,076,349</u>	<u>-</u>	<u>-</u>	<u>6,076,349</u>	<u>5,058,897</u>	<u>-</u>	<u>-</u>	<u>5,058,897</u>
Change in net assets	(119,876)	(554,185)	(66,613)	(740,674)	386,941	547,920	-	934,861
Net assets at beginning of year	<u>764,349</u>	<u>1,935,494</u>	<u>3,277,700</u>	<u>5,977,543</u>	<u>377,408</u>	<u>1,387,574</u>	<u>3,277,700</u>	<u>5,042,682</u>
Net assets at end of year	<u>\$ 644,473</u>	<u>\$ 1,381,309</u>	<u>\$ 3,211,087</u>	<u>\$ 5,236,869</u>	<u>\$ 764,349</u>	<u>\$ 1,935,494</u>	<u>\$ 3,277,700</u>	<u>\$ 5,977,543</u>

See notes to consolidated financial statements.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Consolidated Statements of Cash Flows

	For the Years Ended June 30,	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ (740,674)	\$ 934,861
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	35,046	20,205
Unrealized loss on investments	178,049	5,446
Loan loss reserve provision	63,500	20,000
Bad debt expense	-	5,717
Discount on long-term grant	1,469	(5,130)
Changes in operating assets and liabilities		
Grants receivable	647,761	(640,024)
Government grants receivable	90,028	(162,450)
Interest receivable	(1,364)	(9,257)
Other receivables	153,574	(504,281)
Prepaid expenses	(4,008)	(6,269)
Security deposits	669	(4,323)
Accounts payable and accrued liabilities	50,556	78,351
Due to First Peoples Worldwide, Inc.	-	(140,330)
Deferred revenue	81,662	(262,066)
Regrants payable	159,509	(105,746)
	<u>1,456,451</u>	<u>(1,710,157)</u>
Net cash provided by (used in) operating activities	<u>715,777</u>	<u>(775,296)</u>
Cash flows from investing activities		
Proceeds from sale of investments	1,299,422	351,575
Purchases of investments	(733,929)	(865,787)
Purchases of property and equipment	(18,281)	(84,787)
Disbursements related to notes receivable	(1,420,000)	(400,000)
Collections of notes receivable	310,000	-
Net cash used in investing activities	<u>(562,788)</u>	<u>(998,999)</u>
Cash flows from financing activities		
Proceeds from long-term debt	345,000	1,482,000
Payments on long-term debt	(155,000)	(160,000)
Net cash provided by financing activities	<u>190,000</u>	<u>1,322,000</u>
Net increase (decrease) in cash and cash equivalents	342,989	(452,295)
Cash and cash equivalents at beginning of year	<u>1,749,375</u>	<u>2,201,670</u>
Cash and cash equivalents at end of year	<u>\$ 2,092,364</u>	<u>\$ 1,749,375</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 64,924</u>	<u>\$ 48,442</u>

See notes to consolidated financial statements.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

First Nations Development Institute ("FNDI") is a non-profit organization dedicated to advancing and promoting the direct participation of tribes, tribal members, and other indigenous peoples in the full use of the economy. FNDI is funded by grants from foundations and corporations and program fees.

Summary of Program Activities

Grantmaking - Combines technical assistance with grants to assist tribes and Native non-profits in their efforts to achieve economic self-reliance through acquiring, controlling, retaining, and increasing assets. Technical assistance is provided to grantees throughout the entire grantmaking process, from initial application to post-grantee status. Technical assistance is provided via workshops and convenings, site visits, phone conversations, regular mailings of informational packets, and referrals to other resource providers.

Native Assets Research Center ("NARC") - The Native Assets Research Center is dedicated to promoting Indigenous community-based knowledge and assisting tribal communities in building sound, sustainable reservation economies. NARC conducts independent research projects on asset development; analyzes culturally appropriate practices, policies, and theories affecting self-sufficiency for Native peoples; and serves as an information clearinghouse. NARC works closely with FNDI's grantmaking department to collect research data from grantee field sites to identify key policy issues, lessons learned, and promising practices.

Policy - Through its Native American Asset Watch Initiative, FNDI seeks to identify, advocate for, and coordinate policy changes at the tribal, state, and federal levels that will help tribes and individual Indians regain control of their resources. Asset Watch is a comprehensive strategy for systemic economic change that seeks to provide a range of support for Native American communities in taking control of their assets, whatever their form, and in re-establishing sustainable approaches to use of their land and natural and cultural resources.

Strengthening Native American Philanthropy ("SNAP") - FNDI created the "Strengthening Native American Philanthropy" program in 1995. SNAP works to help tribes control, retain, and utilize their community assets - be they land, human potential, cultural heritage, financial, and/or natural resources. SNAP's mission is to empower tribes and Native organizations to exercise self-determination by taking control of their financial assets through the creation of Native-controlled grantmaking philanthropic vehicles and thus ensure Native communities' long-term sustainability through capitalizing Indian communities and increasing sovereignty for tribes.

Public Education - Through the use of print, electronic and personal contact methods, the public education program develops and implements strategies to increase public awareness about the organization and the current challenges facing rural and reservation-based Native American communities. The program serves the educational and informational needs of tribes and Native non-profit organizations and leverages this awareness to increase support for the benefit of Native peoples throughout the nation.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Summary of Program Activities (continued)

First Nations Oweesta Corporation - By providing technical assistance and loan capital, First Nations Oweesta seeks to enhance the capacity of tribes, Native communities and individuals to access, control, create, leverage, utilize, and retain financial assets and to provide access to appropriate financial capital for Native development efforts.

Principles of Consolidation

The financial statements include the accounts of FNDI and its wholly-owned subsidiary, First Nations Oweesta Corporation ("First Nations Oweesta") (together known as the "Organization"). All significant interentity transactions and balances have been eliminated in consolidation.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the Boards of Directors for use in the Organization's operations and those amounts invested in property and equipment.

Temporarily restricted amounts are monies restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted amounts are assets that must be maintained permanently by the Organization as required by the donor; however, the Organization is permitted to use or expend part or all of any income derived from those assets.

Use of Estimates

The preparation of financial statements in conformity with 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 consolidated financial statements, and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents, investments, notes receivable, and grants receivable. The Organization places its cash and money market accounts with creditworthy, high-quality financial institutions.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with original maturities of three months or less to be cash equivalents excluding assets restricted for endowment. The Organization continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. Throughout the year, the Organization held balances of cash and cash equivalents in excess of the federally insured limit.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with unrealized gains and losses included in the statements of activities and changes in net assets. Investment income and gains (losses) restricted by a donor are reported as increases (decreases) in temporarily restricted net assets.

Fair Value of Financial Instruments

Effective July 1, 2008, the Organization adopted SFAS No. 157, *Fair Value Measurement*, for financial statement assets and liabilities and any other assets and liabilities carried at fair value. This pronouncement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. On November 14, 2007, the FASB agreed to a one-year deferral for the implementation of SFAS No. 157 for other nonfinancial assets and liabilities. The Organization's adoption of SFAS No. 157 did not have a material effect on the Organization's consolidated financial statements for financial assets and liabilities and any other assets and liabilities carried at fair value.

Assets Restricted for Endowment

Assets restricted for endowment are investments held related to the Organization's permanently restricted net assets.

Receivables

Receivables relate to amounts due from customers for fees for program services provided. An allowance for uncollectible receivables is provided based upon prior years' experience and management's analysis of specific balances.

Grant receivables from foundation and government agencies are considered by management to be fully collectible at June 30, 2009 and 2008.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. Donated fixed assets are capitalized at fair value at the date of donation. Depreciation and amortization is provided on the straight-line method based upon the estimated useful lives of the assets, which range from three to seven years.

Regrants Payable

Regrants payable represents confirmed grants to other organizations.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity pursuant to Section 509(A)(1) and 509(A)(2). Accordingly, contributions are deductible to the extent allowed by law.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Indirect expenditures are allocated to program and supporting services based on various direct costs related to each program.

Revenue Recognition

Revenue from exchange transactions is recorded at the time the service is provided. Amounts received in advance are deferred until such time as they are earned.

Contributions

Contributions, including grants receivable, are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Additionally, when restricted support is received and expended within the same year, the activity is classified as unrestricted.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor imposed restrictions.

Donated marketable securities are recorded at market value on the date received.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Reclassifications

The Organization reclassified certain unrestricted and temporarily restricted net assets prior to July 1, 2007 due to new information provided by certain grant agreements.

Subsequent Events

The Organization has evaluated all subsequent events through January 6, 2010, which is the date the financial statements were issued.

Note 2 - Grants Receivable

Grants receivable consist of:

	June 30, 2009		
	FNDI	First Nations Oweesta	Consolidated
Temporarily restricted	\$ 514,195	\$ -	\$ 514,195
Unrestricted	\$ 570	\$ -	\$ 570
Amounts due in			
Less than one year	\$ 384,765	\$ -	\$ 384,765
One to five years	130,000	-	130,000
	514,765	-	514,765
Less discounts	(5,669)	-	(5,669)
	\$ 509,096	\$ -	\$ 509,096
	June 30, 2008		
	FNDI	First Nations Oweesta	Consolidated
Temporarily restricted	\$ 1,162,526	\$ -	\$ 1,162,526
Amounts due in			
Less than one year	\$ 654,242	\$ -	\$ 654,242
One to five years	508,284	-	508,284
	1,162,526	-	1,162,526
Less discounts	(4,200)	-	(4,200)
	\$ 1,158,326	\$ -	\$ 1,158,326

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 2 - Grants Receivable (continued)

Grants receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3% in 2009 and 2008.

Note 3 - Notes Receivable

Notes receivable consist of loans made to qualified Native Community Development Financial Institutions. The notes accrue interest at rates of 3% to 5% and are payable, including accrued interest, at various dates ranging from July 2009 to April 2014.

Loans are recorded at the principal balance outstanding. Interest income is recognized on the accrual basis. A loan is considered to be impaired when based on current information, it is probable the Organization will not receive all amounts due in accordance with the contractual terms of a loan agreement. The fair value is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate.

When the ultimate collectibility of the principal balance of an impaired loan is in doubt, all cash receipts are applied to principal. Once the recorded principal balance has been reduced to zero, future cash receipts are applied to interest income, to the extent any interest has been foregone, and then they are recorded as recoveries of any amounts previously charged off.

The accrual of interest is generally discontinued on loans that become 90 days past due as to principal or interest. When borrowers demonstrate over an extended period the ability to repay a loan in accordance with the contractual terms of a loan classified as nonaccrual, the loan is returned to accrual status.

Notes receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to notes receivable.

The Organization has accounted for the doubtful collection of notes receivable by providing a loan loss reserve of \$133,500 and \$70,000 at June 30, 2009 and 2008, respectively.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3 - Notes Receivable (continued)

Annual maturities of notes receivable are as follows:

Year Ending June 30.

2010	\$	60,000
2011		490,000
2012		650,000
2013		510,000
2014		<u>800,000</u>
Total notes receivable		2,510,000
Less loan loss reserve		<u>(133,500)</u>
Net notes receivable	\$	<u>2,376,500</u>

Note 4 - Investments

Investments are stated at fair value based on quoted market values as follows:

	<u>June 30.</u>	
	<u>2009</u>	<u>2008</u>
Short-term investments		
Certificates of deposits	<u>\$ 741,001</u>	<u>\$ 1,025,268</u>
Long-term investments		
Certificates of deposit	\$ 445,385	\$ 471,611
Mortgage and asset-backed securities	57,520	49,176
Common stocks	220	-
Preferred stocks	<u>-</u>	<u>375,000</u>
	<u>\$ 503,125</u>	<u>\$ 895,787</u>
Assets restricted for endowment		
Money market funds	\$ 1,611,257	\$ 1,852,700
Mutual funds - fixed income	664,822	-
Mutual funds - equities	473,814	-
Corporate bonds	311,194	-
Certificates of deposit	150,000	-
Preferred stocks	<u>-</u>	<u>1,425,000</u>
	<u>\$ 3,211,087</u>	<u>\$ 3,277,700</u>

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 5 - Short-Term and Long-Term Debt

Long-term debt consists of:

Lender	Dated	Maturity	Rate	June 30,	
				2009	2008
Bank of America	12/15/2007	3/31/2018	2.75%	\$ 500,000	\$ 500,000
The Ford Foundation	9/17/2004	9/17/2012	1.00%	250,000	250,000
The Ford Foundation	9/17/2004	9/17/2013	1.00%	250,000	250,000
The Ford Foundation	9/17/2004	9/17/2014	1.00%	250,000	250,000
The Ford Foundation	9/17/2004	9/17/2014	1.00%	250,000	250,000
The Ford Foundation	9/17/2004	9/17/2014	1.00%	250,000	250,000
The Ford Foundation	9/17/2004	9/17/2014	1.00%	250,000	250,000
Rural Community Assistance Corporation	5/2/2005	6/1/2010	4.00%	200,000	200,000
Mercy Investment Program, Inc.	5/1/2007	5/1/2010	3.00%	200,000	200,000
Calvert Foundation	8/31/2007	8/31/2010	4.00%	200,000	200,000
Mercy Investment Program, Inc.	5/2/2005	5/1/2010	3.00%	100,000	100,000
Suzanne Laffetra	10/1/2008	10/1/2013	3.00%	100,000	-
Sisters of Charity of the Incarnate Word	10/7/2008	10/7/2013	2.50%	100,000	-
James Adams Babson Trust - 1996	12/1/2006	12/1/2009	3.00%	50,000	50,000
Trillium	3/4/2005	7/1/2009	2.00%	50,000	50,000
Unitarian Universalist Association	8/1/2007	8/1/2010	3.00%	50,000	50,000
Basilian Fathers of Toronto	4/1/2009	4/1/2012	3.00%	50,000	-
Adrian Dominican Sisters	8/15/2008	8/15/2011	3.00%	50,000	-
Sisters of St. Benedict	3/4/2005	7/1/2009	2.00%	30,000	30,000
Sisters of St. Francis of Philadelphia	6/17/2007	6/1/2012	2.50%	30,000	30,000
Sisters of the Blessed Sacrament	4/5/2005	4/5/2010	3.50%	25,000	25,000
Sisters of Mercy of the Americas NE Community	12/1/2006	12/1/2012	2.00%	20,000	20,000
Trillium	12/5/2005	7/1/2009	2.00%	15,000	15,000
Trillium	11/30/2007	11/30/2010	3.00%	10,000	10,000
Trillium	11/7/2005	1/2/2011	2.00%	10,000	10,000
Sisters of Loretto	6/1/2008	2/12/2010	3.00%	10,000	10,000
James A. Babson Trust - 1958	9/1/2008	8/31/2011	2.50%	10,000	-
Trillium	1/2/2009	1/2/2011	2.00%	10,000	-
Veronica Frost	5/16/2008	5/16/2010	2.00%	7,000	7,000
Peter and Sharon Moller	1/28/2008	1/28/2011	0.00%	5,000	5,000
Trillium	12/5/2005	7/1/2009	2.00%	5,000	5,000
Larry Dansinger and Karen Marysdaughter	1/15/2007	5/1/2011	0.00%	5,000	5,000
Arthur and Susan Lloyd	5/9/2006	5/9/2008	2.00%	-	100,000
James A. Babson Trust - 1958	9/1/2005	9/1/2008	3.00%	-	10,000
James A. Babson Irrevocable Trust	8/1/2005	7/31/2008	3.00%	-	10,000
Trillium	12/5/2005	1/2/2009	2.00%	-	10,000
Total				<u>3,342,000</u>	<u>3,152,000</u>
Less current maturities				<u>(692,000)</u>	<u>(150,000)</u>
Long-term debt less current maturities				<u>\$ 2,650,000</u>	<u>\$ 3,002,000</u>

None of the notes are collateralized.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 5 - Short-Term and Long-Term Debt (continued)

The Organization's note payable to Bank of America has the option for additional disbursements with a maximum balance of \$2,000,000. Per the agreement, the Organization may elect to receive additional advances of no less than \$500,000 with a limit of one advance per calendar quarter. No advances can be elected after March 31, 2010. At June 30, 2009, the Organization had elected one advance of \$500,000 as disclosed above.

Aggregate maturities of principal under long-term debt obligations are:

Year Ending June 30,

2010	\$	692,000
2011		290,000
2012		140,000
2013		270,000
2014		450,000
Thereafter		<u>1,500,000</u>
	\$	<u>3,342,000</u>

Short-term debt of \$2,500 consists of a promissory note renewed June 17, 2009, principal due June 17, 2010.

Note 6 - Line-of-Credit

The Organization has a line-of-credit agreement with Wells Fargo Bank, N.A. for a maximum amount of \$100,000, issued August 14, 2008. Per the terms of the agreement, any outstanding balances are due within 30 days of disbursement plus interest at a rate of prime plus 2% (5.25% at June 30, 2009). There was no balance outstanding as of June 30, 2009.

Note 7 - Net Assets

Permanently restricted net assets consist of endowment funds to be held in perpetuity. During the year ended June 30, 2007, FNDI received a grant of \$3,000,000 from the Ford Foundation. The earnings on this grant for the first five years are restricted for use in Grantmaking: 75% to be regranted to other organizations and 25% for grant administration and technical assistance to grantees. The income from the other endowment balances is not restricted and can be used to support the Organization's general activities.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 7 - Net Assets (continued)

Temporarily restricted net assets consist of:

	June 30, 2009		
	FNDI	First Nations Oweesta	Consolidated
Time-restricted operating	\$ 118,350	\$ -	\$ 118,350
Grantmaking	577,262	-	577,262
Native Assets Research Center	142,403	-	142,403
Policy	107,878	-	107,878
Strengthening Native American Philanthropy	166,589	-	166,589
Public Education	84,253	-	84,253
Organizational Capacity	163,790	-	163,790
First Nations Oweesta Corporation Loan Program	-	20,784	20,784
	<u>\$ 1,360,525</u>	<u>\$ 20,784</u>	<u>\$ 1,381,309</u>
	June 30, 2008		
	FNDI	First Nations Oweesta	Consolidated
Time-restricted operating	\$ 55,800	\$ -	\$ 55,800
Grantmaking	885,816	-	885,816
Native Assets Research Center	33,958	-	33,958
Policy	287,450	-	287,450
Strengthening Native American Philanthropy	291,650	-	291,650
Public Education	180,746	-	180,746
Organizational Capacity	200,000	-	200,000
First Nations Oweesta Corporation Loan Program	-	74	74
	<u>\$ 1,935,420</u>	<u>\$ 74</u>	<u>\$ 1,935,494</u>

Net assets belonging to First Nations Oweesta are not available to be used by FNDI for its operations.

Note 8 - Retirement Plan

Eligible employees may make contributions to a 403(b) savings plan operated by FNDI. FNDI is not required to match employee contributions.

First Nations Oweesta has a Simple IRA plan (the "Plan"). Under the Plan, First Nations Oweesta matches up to 3% of employee salary reduction contributions. Contributions to the Plan during the years ended June 30, 2009 and 2008 totaled \$17,187 and \$13,387, respectively.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 9 - Commitments and Contingencies

Operating Leases

FNDI occupies office space in Fredericksburg, Virginia and Longmont, Colorado. The Colorado lease, effective March 1, 2005 was extended to April 30, 2010 at a monthly rate of \$3,611. The Virginia lease, effective March 15, 2009 at a monthly rate of \$975 through March 2010 and \$1,025 thereafter, expires March 31, 2011. Total rent expense for FNDI for the years ended June 30, 2009 and 2008 was \$71,845 and \$61,361, respectively.

First Nations Oweesta occupies office space in Rapid City, South Dakota. During the year ending June 30, 2008, First Nations Oweesta increased its occupancy and monthly rent from \$2,699 to \$3,149. First Nations Oweesta negotiated early termination of this lease at no cost and entered into a new agreement for office space at a different location in Rapid City. The new lease expires April 30, 2011, at a monthly rate of \$7,314. Rent expense for First Nations Oweesta for the years ended June 30, 2009 and 2008 was \$87,845 and \$38,585, respectively.

FNDI leased mailing equipment under an agreement expiring in January 2010. During the year ended June 30, 2009, FNDI returned the equipment and canceled the lease. Expenses related to this lease totaled \$20,317 for the year ended June 30, 2009.

First Nations Oweesta leases office equipment at a rate of \$5,486 per year under an agreement which expires June 2012.

Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>FNDI</u>	<u>First Nations Oweesta</u>	<u>Consolidated</u>
2010	\$ 47,966	\$ 93,254	\$ 141,220
2011	9,225	78,626	87,851
2012	-	5,257	5,257
Total	<u>\$ 57,191</u>	<u>\$ 177,137</u>	<u>\$ 234,328</u>

Government Grants

The Organization receives certain revenues from grants from various governmental agencies. The disbursement of funds received under those grants generally requires compliance with the terms and conditions specified in the grant contracts and is subject to audit by the governmental agencies. Management believes the amount of charges to these grants that may be disallowed, if any, by such audits would not have a significant impact on the financial statements, and accordingly, no provision has been made in the consolidated financial statements for any liability that may result.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 10 - Related Party Transactions

The Organization makes grants to tribal groups as part of its programmatic mission. It also has a policy of investing in Native American businesses. As a result the Organization has grantor and business relationships with groups headed by members of their Boards of Directors. All grants are made in accordance with long-standing procedures in which Board members do not participate. All business dealings are conducted at market rates on terms consistent with those available to similar organizations or from similar businesses.

An officer of the Organization is related to a vendor who provides graphic design and print services to the Organization. Payments during the years ended June 30, 2009 and 2008 aggregated approximately \$88,000 and \$77,000, respectively.

The Boards of Directors have approved all related party transactions.

Note 11 - Supporting Services and Re grants

Development costs reported in the accompanying statements of activities reflect costs associated with raising funds for both program operations and the Organization's regranting programs. Regranting funds do not directly support the program operations of the Organization, but are instead regranted to other Native non-profits, tribal projects, and individual participants in their projects. Re grants and related stipends consisted of:

	<u>FNDI</u>	<u>First Nations Oweesta</u>	<u>Consolidated</u>
Year ended June 30, 2009	\$ <u>827,453</u>	\$ <u>6,000</u>	\$ <u>833,453</u>
Year ended June 30, 2008	\$ <u>845,843</u>	\$ <u>8,000</u>	\$ <u>853,843</u>

Note 12 - Endowments

The Organization's endowment consists of donor-restricted endowment funds established for a variety of purposes. In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 12 - Endowments (continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with certain individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with the donor's express consent, deficiencies of \$71,449 are reported in temporarily restricted net assets and deficiencies of \$66,613 are reported in permanently restricted net assets as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations. As stipulated by the donor, deficiencies must be fully restored before expenditure of the earnings is resumed. There were no such deficiencies as of June 30, 2008.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately six percent annually. Actual returns in any given year may vary from this amount.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 12 - Endowments (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of retaining interest and dividends earned in the endowment accounts in order to achieve compound earnings. Expenditures of endowment account earnings are provided by unrestricted funds.

Endowment net assets as of June 30, 2009 consist of:

	<u>Permanently Restricted</u>		
	<u>FNDI</u>	<u>First Nations Oweesta</u>	<u>Consolidated</u>
Donor-restricted endowment funds	<u>\$ 3,061,087</u>	<u>\$ 150,000</u>	<u>\$ 3,211,087</u>

Changes in endowment net assets for the year ended June 30, 2009:

	<u>Permanently Restricted</u>		
	<u>FNDI</u>	<u>First Nations Oweesta</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 3,127,700	\$ 150,000	\$ 3,277,700
Investment loss			
Net depreciation	<u>(66,613)</u>	<u>-</u>	<u>(66,613)</u>
Endowment assets, end of year	<u>\$ 3,061,087</u>	<u>\$ 150,000</u>	<u>\$ 3,211,087</u>

Endowment net assets as of June 30, 2008 consist of:

	<u>Permanently Restricted</u>		
	<u>FNDI</u>	<u>First Nations Oweesta</u>	<u>Consolidated</u>
Donor-restricted endowment funds	<u>\$ 3,127,700</u>	<u>\$ 150,000</u>	<u>\$ 3,277,700</u>

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 12 - Endowments (continued)

Changes in endowment net assets for the year ended June 30, 2008:

	Permanently Restricted		
	FNDI	First Nations Oweesta	Consolidated
Endowment assets, beginning of year	\$ 3,127,700	\$ 150,000	\$ 3,277,700
Investment loss			
Net depreciation	-	-	-
Endowment assets, end of year	<u>\$ 3,127,700</u>	<u>\$ 150,000</u>	<u>\$ 3,277,700</u>

Note 13 - Fair Value Measurements

Effective July 1, 2009, the Organization adopted SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. SFAS No. 157 also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets and liabilities. The fair value hierarchy gives highest priority to Level 1 inputs.
- Level 2: Quoted prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measure. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk of liquidity.

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 13 - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets measured on a recurring basis at fair value as of June 30, 2009.

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,138,636	\$ -	\$ -	\$ 1,138,636
Stocks	220	-	-	220
Money market funds	-	1,611,257	-	1,611,257
Certificate of deposit	-	1,336,386	-	1,336,386
Fixed income securities	-	<u>368,714</u>	-	<u>368,714</u>
	<u>\$ 1,138,856</u>	<u>\$ 3,316,357</u>	<u>\$ -</u>	<u>\$ 4,455,213</u>

ACCOMPANYING INFORMATION

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2009**

	Program Services						Supporting Services		Total
	Grantmaking	Native Assets Research Center	Policy	Strengthening Native American Philanthropy	Public Education	First Nations Oweesta Corporation	Administration	Development	
Salaries	\$ 256,295	\$ 64,637	\$ 209,715	\$ 67,353	\$ 41,583	\$ 621,861	\$ 583,008	\$ 259,326	\$ 2,103,778
Payroll taxes and benefits	41,223	11,985	31,769	11,065	10,122	114,372	108,128	41,318	369,982
Salaries and benefits expense	297,518	76,622	241,484	78,418	51,705	736,233	691,136	300,644	2,473,760
Regrants	827,453	-	-	-	-	6,000	-	-	833,453
Accounting fees	-	-	-	-	-	-	39,705	-	39,705
Legal fees	-	1,185	6,240	-	-	-	428	800	8,653
Other professional fees	57,264	48,335	38,244	32,854	7,892	904,199	24,691	75,368	1,188,847
Contract temporary help	3,432	-	-	-	-	-	-	-	3,432
Office supplies	6,036	1,565	7,122	3,372	908	8,419	18,155	5,333	50,910
Telephone	4,584	2,472	3,922	1,136	1,152	71,670	29,639	6,725	121,300
Internet/web access	2,278	845	1,653	820	794	-	1,260	998	8,648
Postage and shipping expense	1,730	1,471	751	327	436	6,954	8,873	47,213	67,755
Occupancy costs	20,261	6,500	14,205	4,903	6,324	20,190	80,455	20,517	173,355
Equipment rental and maintenance	7,814	1,022	2,127	770	964	2,572	35,060	8,865	59,194
Printing and publications	14,159	11,487	2,436	1,374	12,916	60,230	638	49,992	153,232
Staff travel	35,252	10,798	16,804	8,237	1,657	129,755	32,614	18,943	254,060
Non-staff travel	28,160	11,266	26,422	2,776	-	93,366	35,245	-	197,235
Scholarship travel	36,168	-	6,288	-	-	-	-	-	42,456
Conferences and meetings	40,925	2,061	5,899	1,664	6,209	46,641	16,040	8,771	128,210
Insurance	948	304	670	1,732	298	308	2,762	384	7,406
Membership dues	95	555	55	600	-	1,355	6,255	995	9,910
Staff development	689	-	-	-	-	1,025	1,326	595	3,635
Outside computer services	1,969	1,344	1,301	26,088	5,549	3,400	6,780	6,439	52,870
Bank and investment fees	-	-	-	-	-	-	9,863	6	9,869
Other	978	-	-	1,874	-	2,492	9,453	7,719	22,516
Interest expense	-	-	-	-	-	47,043	20,349	-	67,392
Expense for loan loss reserve	-	-	-	-	-	-	63,500	-	63,500
Total before depreciation and amortization	1,387,713	177,832	375,623	166,945	96,804	2,141,852	1,134,227	560,307	6,041,303
Depreciation and amortization	1,273	407	898	286	399	-	31,324	459	35,046
Total functional expenses	\$ 1,388,986	\$ 178,239	\$ 376,521	\$ 167,231	\$ 97,203	\$ 2,141,852	\$ 1,165,551	\$ 560,766	\$ 6,076,349

FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2008**

	Program Services						Supporting Services		Total
	Grantmaking	Native Assets Research Center	Policy	Strengthening Native American Philanthropy	Public Education	First Nations Oweesta Corporation	Administration	Development	
Salaries	\$ 236,390	\$ 165,366	\$ 99,515	\$ 14,559	\$ 57,665	\$ 408,707	\$ 392,779	\$ 147,283	\$ 1,522,264
Payroll taxes and benefits	31,199	30,618	17,041	2,698	11,983	26,779	129,535	15,854	265,707
Salaries and benefits expense	267,589	195,984	116,556	17,257	69,648	435,486	522,314	163,137	1,787,971
Regrants	833,676	-	12,167	-	-	8,000	-	-	853,843
Accounting fees	-	-	-	-	-	-	26,335	-	26,335
Legal fees	-	765	3,725	-	-	-	3,433	-	7,923
Other professional fees	33,581	96,354	5,362	95	20,407	709,245	69,880	65,544	1,000,468
Contract temporary help	7,003	5,698	4,416	218	2,114	15,492	25,445	4,805	65,191
Telephone	2,596	4,348	2,176	231	1,344	8,544	30,893	2,031	52,163
Internet/web access	1,914	2,211	1,319	228	953	17,650	12,301	6,088	42,664
Postage and shipping expense	1,650	4,245	407	-	3,601	12,891	8,657	39,376	70,827
Occupancy costs	12,760	16,811	8,897	1,495	7,419	-	52,149	5,354	104,885
Equipment rental and maintenance	6,961	2,952	1,505	233	1,285	-	11,833	4,786	29,555
Printing and publications	2,934	20,006	3,311	-	21,127	9,694	5,071	29,351	91,494
Staff travel	37,757	22,090	14,804	822	1,732	158,831	13,235	7,794	257,065
Non-staff travel	51,357	12,281	2,284	-	-	123,825	6,793	5	196,545
Scholarship travel	23,638	1,298	1,037	-	-	-	-	-	25,973
Conferences and meetings	52,789	22,173	5,233	-	2,085	176,224	3,029	1,534	263,067
Insurance	699	870	539	100	403	-	2,658	279	5,548
Membership dues	955	655	-	-	-	1,174	9,548	1,495	13,827
Staff development	5	-	5	-	970	-	1,192	595	2,767
Outside computer services	1,909	4,159	1,371	78	5,703	-	5,304	1,583	20,107
Bank and investment fees	13	5	55	-	-	650	14,758	-	15,481
Other	1,306	513	500	-	1,885	4,877	13,597	100	22,778
Interest expense	-	-	-	-	-	55,798	700	-	56,498
Bad debt expense	-	-	-	-	-	-	5,717	-	5,717
Expense for loan loss reserve	-	-	-	-	-	10,000	10,000	-	20,000
Total before depreciation and amortization	1,341,092	413,418	185,669	20,757	140,676	1,748,381	854,842	333,857	5,038,692
Depreciation and amortization	1,196	1,659	803	109	708	-	15,212	518	20,205
Total functional expenses	\$ 1,342,288	\$ 415,077	\$ 186,472	\$ 20,866	\$ 141,384	\$ 1,748,381	\$ 870,054	\$ 334,375	\$ 5,058,897

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY
FIRST NATIONS OWEESTA CORPORATION**

**Consolidating Statement of Financial Position
June 30, 2009**

	FNDI	First Nations Oweesta	Eliminating Entries	Consolidated Total
Assets				
Current assets				
Cash and cash equivalents	\$ 1,133,086	\$ 959,278	\$ -	\$ 2,092,364
Short-term investments	-	741,001	-	741,001
Grants receivable	384,765	-	-	384,765
Notes receivable, current portion	-	60,000	-	60,000
Government grants receivable	47,913	32,782	-	80,695
Interest receivable	-	17,364	-	17,364
Other current receivables, net	1,941	469,986	-	471,927
Due from affiliate	187	-	(187)	-
Prepaid expenses	8,665	12,707	-	21,372
Total current assets	<u>1,576,557</u>	<u>2,293,118</u>	<u>(187)</u>	<u>3,869,488</u>
Property and equipment				
Furniture, equipment and software	132,648	141,445	-	274,093
Less accumulated depreciation and amortization	(127,113)	(58,673)	-	(185,786)
Total property and equipment	<u>5,535</u>	<u>82,772</u>	<u>-</u>	<u>88,307</u>
Other Assets				
Long-term notes receivable, net of current portion and valuation allowance	-	2,316,500	-	2,316,500
Long-term grants receivable, net of allowance and discount	124,331	-	-	124,331
Investments	57,740	445,385	-	503,125
Assets restricted for endowment	3,061,087	150,000	-	3,211,087
Security deposits	2,745	9,204	-	11,949
Total other assets	<u>3,245,903</u>	<u>2,921,089</u>	<u>-</u>	<u>6,166,992</u>
Total assets	<u>\$ 4,827,995</u>	<u>\$ 5,296,979</u>	<u>\$ (187)</u>	<u>\$ 10,124,787</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued liabilities	\$ 92,441	\$ 159,473	\$ -	\$ 251,914
Due to affiliate	-	187	(187)	-
Regrants payable	609,250	-	-	609,250
Deferred revenue	85,000	597,254	-	682,254
Short-term debt	-	2,500	-	2,500
Accounts payable and accrued liabilities	-	692,000	-	692,000
Total current liabilities	<u>786,691</u>	<u>1,451,414</u>	<u>(187)</u>	<u>2,237,918</u>
Long-term liabilities				
Long-term debt, net of current maturities	-	2,650,000	-	2,650,000
Total liabilities	<u>786,691</u>	<u>4,101,414</u>	<u>(187)</u>	<u>4,887,918</u>
Net assets				
Unrestricted	(380,308)	1,024,781	-	644,473
Temporarily restricted	1,360,525	20,784	-	1,381,309
Permanently restricted	3,061,087	150,000	-	3,211,087
Total net assets	<u>4,041,304</u>	<u>1,195,565</u>	<u>-</u>	<u>5,236,869</u>
Total liabilities and net assets	<u>\$ 4,827,995</u>	<u>\$ 5,296,979</u>	<u>\$ (187)</u>	<u>\$ 10,124,787</u>

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY
FIRST NATIONS OWEESTA CORPORATION**

**Consolidating Statement of Activities
For the Year Ended June 30, 2009**

	FNDI				First Nations Oweesta				Eliminations	Consolidated			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support													
Grants	\$ 235,511	\$ 1,814,104	\$ -	\$ 2,049,615	\$ 379,359	\$ 673,087	\$ -	\$ 1,052,446	\$ -	\$ 614,870	\$ 2,487,191	\$ -	\$ 3,102,061
Contributions	59,783	700	-	60,483	-	-	-	-	-	59,783	700	-	60,483
Total public support	<u>295,294</u>	<u>1,814,804</u>	<u>-</u>	<u>2,110,098</u>	<u>379,359</u>	<u>673,087</u>	<u>-</u>	<u>1,052,446</u>	<u>-</u>	<u>674,653</u>	<u>2,487,891</u>	<u>-</u>	<u>3,162,544</u>
Other revenue													
Program service fee	49,530	-	-	49,530	2,061,849	-	-	2,061,849	(24,417)	2,086,962	-	-	2,086,962
Interest and dividend income	19,504	65,858	-	85,362	60,333	69,593	-	129,926	-	79,837	135,451	-	215,288
Unrealized gain (loss) on investments	4,364	(71,449)	(66,613)	(133,698)	(44,351)	-	-	(44,351)	-	(39,987)	(71,449)	(66,613)	(178,049)
Other	15,186	-	-	15,186	48,744	-	-	48,744	(15,000)	48,930	-	-	48,930
Total other revenue	<u>88,584</u>	<u>(5,591)</u>	<u>(66,613)</u>	<u>16,380</u>	<u>2,126,575</u>	<u>69,593</u>	<u>-</u>	<u>2,196,168</u>	<u>(39,417)</u>	<u>2,175,742</u>	<u>64,002</u>	<u>(66,613)</u>	<u>2,173,131</u>
Net assets released from restrictions	<u>2,384,108</u>	<u>(2,384,108)</u>	<u>-</u>	<u>-</u>	<u>721,970</u>	<u>(721,970)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,106,078</u>	<u>(3,106,078)</u>	<u>-</u>	<u>-</u>
Total public support and other revenue	<u>2,767,986</u>	<u>(574,895)</u>	<u>(66,613)</u>	<u>2,126,478</u>	<u>3,227,904</u>	<u>20,710</u>	<u>-</u>	<u>3,248,614</u>	<u>(39,417)</u>	<u>5,956,473</u>	<u>(554,185)</u>	<u>(66,613)</u>	<u>5,335,675</u>
Functional expenses													
Program services													
Grantmaking	1,388,986	-	-	1,388,986	-	-	-	-	-	1,388,986	-	-	1,388,986
Native Assets Research Center	178,239	-	-	178,239	-	-	-	-	-	178,239	-	-	178,239
Policy	376,521	-	-	376,521	-	-	-	-	-	376,521	-	-	376,521
Strengthening Native American													
Philanthropy	167,231	-	-	167,231	-	-	-	-	-	167,231	-	-	167,231
Public Education	97,203	-	-	97,203	-	-	-	-	-	97,203	-	-	97,203
First Nations Oweesta Corporation	-	-	-	-	2,166,269	-	-	2,166,269	(24,417)	2,141,852	-	-	2,141,852
Support services													
Administration	259,653	-	-	259,653	920,898	-	-	920,898	(15,000)	1,165,551	-	-	1,165,551
Development	278,616	-	-	278,616	282,150	-	-	282,150	-	560,766	-	-	560,766
Total functional expenses	<u>2,746,449</u>	<u>-</u>	<u>-</u>	<u>2,746,449</u>	<u>3,369,317</u>	<u>-</u>	<u>-</u>	<u>3,369,317</u>	<u>(39,417)</u>	<u>6,076,349</u>	<u>-</u>	<u>-</u>	<u>6,076,349</u>
Increase (decrease) in net assets	21,537	(574,895)	(66,613)	(619,971)	(141,413)	20,710	-	(120,703)	-	(119,876)	(554,185)	(66,613)	(740,674)
Net assets at beginning of year	<u>(401,845)</u>	<u>1,935,420</u>	<u>3,127,700</u>	<u>4,661,275</u>	<u>1,166,194</u>	<u>74</u>	<u>150,000</u>	<u>1,316,268</u>	<u>-</u>	<u>764,349</u>	<u>1,935,494</u>	<u>3,277,700</u>	<u>5,977,543</u>
Net assets at end of year	<u>\$ (380,308)</u>	<u>\$ 1,360,525</u>	<u>\$ 3,061,087</u>	<u>\$ 4,041,304</u>	<u>\$ 1,024,781</u>	<u>\$ 20,784</u>	<u>\$ 150,000</u>	<u>\$ 1,195,565</u>	<u>\$ -</u>	<u>\$ 644,473</u>	<u>\$ 1,381,309</u>	<u>\$ 3,211,087</u>	<u>\$ 5,236,869</u>