



**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

**Consolidated Financial Statements  
as of June 30, 2010 and 2009,  
Independent Auditors' Report**

**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, 2010 and 2009, 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 as of June 30, 2010 and 2009, and changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
First Nations Development Institute and Subsidiary  
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Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Ehrhardt Keefe Steiner & Hottman PC

December 22, 2010  
Denver, Colorado

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Consolidated Statements of Financial Position

	June 30,	
	2010	2009
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,433,457	\$ 2,092,364
Short-term investments	409,547	741,001
Grants receivable	181,325	384,765
Notes receivable, current portion	490,000	60,000
Government grants receivable	259,532	80,695
Interest receivable	19,944	17,364
Other current receivables, net of allowance of \$20,717 (2010) and \$15,717 (2009)	466,287	471,927
Prepaid expenses	<u>24,675</u>	<u>21,372</u>
Total current assets	<u>5,284,767</u>	<u>3,869,488</u>
Property and equipment		
Furniture, equipment and software	297,001	274,093
Less accumulated depreciation and amortization	<u>(219,082)</u>	<u>(185,786)</u>
Total property and equipment	<u>77,919</u>	<u>88,307</u>
Other assets		
Long-term notes receivable, net of valuation allowance	1,988,600	2,316,500
Long-term grants receivable, net of discount	-	124,331
Investments	1,038,937	503,125
Assets restricted for endowment	3,277,700	3,211,087
Security deposits	<u>11,949</u>	<u>11,949</u>
Total other assets	<u>6,317,186</u>	<u>6,166,992</u>
Total assets	<u>\$ 11,679,872</u>	<u>\$ 10,124,787</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 311,042	\$ 251,914
Regrants payable	656,031	609,250
Deferred revenue	1,086,591	682,254
Short-term debt	5,000	2,500
Current maturities of long-term debt	<u>280,000</u>	<u>692,000</u>
Total current liabilities	2,338,664	2,237,918
Long-term liabilities		
Long-term debt, net of current maturities	<u>3,520,000</u>	<u>2,650,000</u>
Total liabilities	<u>5,858,664</u>	<u>4,887,918</u>
Commitments and contingencies		
Net assets		
Unrestricted	1,352,186	644,473
Temporarily restricted	1,191,322	1,381,309
Permanently restricted	<u>3,277,700</u>	<u>3,211,087</u>
Total net assets	<u>5,821,208</u>	<u>5,236,869</u>
Total liabilities and net assets	<u>\$ 11,679,872</u>	<u>\$ 10,124,787</u>

See notes to consolidated financial statements.

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

**Consolidated Statements of Activities**

	For the Years Ended							
	June 30, 2010			June 30, 2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support								
Grants	\$ 1,214,769	\$ 3,447,053	\$ -	\$ 4,661,822	\$ 614,870	\$ 2,487,191	\$ -	\$ 3,102,061
Contributions	<u>50,661</u>	<u>11,000</u>	<u>-</u>	<u>61,661</u>	<u>59,783</u>	<u>700</u>	<u>-</u>	<u>60,483</u>
Total public support	<u>1,265,430</u>	<u>3,458,053</u>	<u>-</u>	<u>4,723,483</u>	<u>674,653</u>	<u>2,487,891</u>	<u>-</u>	<u>3,162,544</u>
Other revenue								
Program service fees	1,307,000	-	-	1,307,000	2,086,962	-	-	2,086,962
Interest and dividend income	26,350	187,572	-	213,922	79,837	135,451	-	215,288
Unrealized gain (loss) on investments	4,597	16,585	66,613	87,795	(39,987)	(71,449)	(66,613)	(178,049)
Other	<u>10,390</u>	<u>-</u>	<u>-</u>	<u>10,390</u>	<u>48,930</u>	<u>-</u>	<u>-</u>	<u>48,930</u>
Total other revenue	<u>1,348,337</u>	<u>204,157</u>	<u>66,613</u>	<u>1,619,107</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>3,852,197</u>	<u>(3,852,197)</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>6,465,964</u>	<u>(189,987)</u>	<u>66,613</u>	<u>6,342,590</u>	<u>5,956,473</u>	<u>(554,185)</u>	<u>(66,613)</u>	<u>5,335,675</u>
Functional expenses								
Program services								
Grantmaking	669,704	-	-	669,704	867,628	-	-	867,628
Nonprofit Capacity Building	965,768	-	-	965,768	521,358	-	-	521,358
Native Assets Research Center	513,237	-	-	513,237	178,239	-	-	178,239
Policy	268,457	-	-	268,457	376,521	-	-	376,521
Strengthening Native American Philanthropy	215,450	-	-	215,450	167,231	-	-	167,231
Public Education	77,150	-	-	77,150	97,203	-	-	97,203
First Nations Oweesta Corporation	<u>1,720,236</u>	<u>-</u>	<u>-</u>	<u>1,720,236</u>	<u>2,141,852</u>	<u>-</u>	<u>-</u>	<u>2,141,852</u>
Total program services	<u>4,430,002</u>	<u>-</u>	<u>-</u>	<u>4,430,002</u>	<u>4,350,032</u>	<u>-</u>	<u>-</u>	<u>4,350,032</u>
Support services								
Administration	859,360	-	-	859,360	1,165,551	-	-	1,165,551
Development	<u>468,889</u>	<u>-</u>	<u>-</u>	<u>468,889</u>	<u>560,766</u>	<u>-</u>	<u>-</u>	<u>560,766</u>
Total support services	<u>1,328,249</u>	<u>-</u>	<u>-</u>	<u>1,328,249</u>	<u>1,726,317</u>	<u>-</u>	<u>-</u>	<u>1,726,317</u>
Total functional expenses	<u>5,758,251</u>	<u>-</u>	<u>-</u>	<u>5,758,251</u>	<u>6,076,349</u>	<u>-</u>	<u>-</u>	<u>6,076,349</u>
Change in net assets	707,713	(189,987)	66,613	584,339	(119,876)	(554,185)	(66,613)	(740,674)
Net assets at beginning 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>
Net assets at end of year	<u>\$ 1,352,186</u>	<u>\$ 1,191,322</u>	<u>\$ 3,277,700</u>	<u>\$ 5,821,208</u>	<u>\$ 644,473</u>	<u>\$ 1,381,309</u>	<u>\$ 3,211,087</u>	<u>\$ 5,236,869</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>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ 584,339	\$ (740,674)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	38,118	35,046
Unrealized (gain) loss on investments	(87,795)	178,049
Loan loss reserve provision	5,900	63,500
Provision for bad debt	9,452	-
Discount on long-term grant	-	1,469
Changes in operating assets and liabilities		
Grants receivable	327,771	647,761
Government grants receivable	(178,837)	90,028
Interest receivable	(2,580)	(1,364)
Other receivables	(3,812)	153,574
Prepaid expenses	(3,303)	(4,008)
Security deposits	-	669
Accounts payable and accrued liabilities	59,128	50,556
Deferred revenue	404,337	81,662
Regrants payable	<u>46,781</u>	<u>159,509</u>
	<u>615,160</u>	<u>1,456,451</u>
Net cash provided by operating activities	<u>1,199,499</u>	<u>715,777</u>
Cash flows from investing activities		
Proceeds from investments	2,233,280	1,299,422
Purchases of investments	(2,416,456)	(733,929)
Purchases of property and equipment, net	(27,730)	(18,281)
Disbursements related to notes receivable	(168,000)	(1,420,000)
Collections of notes receivable	<u>60,000</u>	<u>310,000</u>
Net cash used in investing activities	<u>(318,906)</u>	<u>(562,788)</u>
Cash flows from financing activities		
Proceeds from debt	702,500	345,000
Payments on debt	<u>(242,000)</u>	<u>(155,000)</u>
Net cash provided by financing activities	<u>460,500</u>	<u>190,000</u>
Net increase in cash and cash equivalents	1,341,093	342,989
Cash and cash equivalents at beginning of year	<u>2,092,364</u>	<u>1,749,375</u>
Cash and cash equivalents at end of year	<u>\$ 3,433,457</u>	<u>\$ 2,092,364</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 77,033</u>	<u>\$ 64,924</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, corporations, federal awards 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.

*Nonprofit Capacity Building ("NCB")* - The Nonprofit Capacity Building department liaisons with numerous established or emerging nonprofit organizations to increase their core capacity through organizational development assistance. FNDI provides training and technical assistance services to improve performance, measure impact and progress, leverage resources, implement best business practices, and attain organizational goals to groups with limited resources and constraints. FNDI tailors their NCB activities to the specific needs of their recipient organizations that support sustainability and growth, leading to nonprofit effectiveness and community impact.

*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.



# 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)

*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 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

The Organization reports 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.

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

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

#### 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.

#### 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 and Investment Returns

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 return includes dividends, interest and other investment income, and realized and unrealized gains and losses on investments carried at fair value. Investment income and gains restricted by a donor are reported as increases in temporarily restricted net assets.

#### 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.

# 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.

The Organization adopted guidance related to uncertainty in income taxes in the Financial Accounting Standard Board's Accounting Standards Codification Topic 740 on July 1, 2009. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2010.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. No interest and penalties have been assessed as of June 30, 2010.

Tax years that remain subject to examination include 2007 through the current period for the federal returns.

#### 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.

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

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

Contributions (continued)

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.

Subsequent Events

The Organization has evaluated all subsequent events through December 22, 2010, which is the date the financial statements were available to be issued.

**Note 2 - Grants Receivable**

Grants receivable consist of:

	<u>June 30, 2010</u>		
	<u>FNDI</u>	<u>First Nations Oweesta</u>	<u>Consolidated</u>
Temporarily restricted	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>
Unrestricted	<u>\$ 1,325</u>	<u>\$ 5,000</u>	<u>\$ 6,325</u>

The amounts above are due in less than one year.

	<u>June 30, 2009</u>		
	<u>FNDI</u>	<u>First Nations Oweesta</u>	<u>Consolidated</u>
Temporarily restricted	<u>\$ 514,195</u>	<u>\$ -</u>	<u>\$ 514,195</u>
Unrestricted	<u>\$ 570</u>	<u>\$ -</u>	<u>\$ 570</u>
Amounts due in			
Less than one year	\$ 384,765	\$ -	\$ 384,765
One to five years	<u>130,000</u>	<u>-</u>	<u>130,000</u>
	514,765	-	514,765
Less discounts	<u>(5,669)</u>	<u>-</u>	<u>(5,669)</u>
	<u>\$ 509,096</u>	<u>\$ -</u>	<u>\$ 509,096</u>

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.

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 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 2010 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.

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 \$139,400 and \$133,500 at June 30, 2010 and 2009, respectively.

Annual maturities of notes receivable are as follows:

#### Year Ending June 30,

2011	\$	490,000
2012		650,000
2013		578,000
2014		<u>900,000</u>
Total notes receivable		2,618,000
Less loan loss reserve		<u>(139,400)</u>
Net notes receivable	\$	<u>2,478,600</u>

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 4 - Investments

Investments, stated at fair value, consist of the following:

	June 30,	
	2010	2009
Certificates of deposit	\$ 976,071	\$ 1,336,386
Corporate bonds	1,324,984	311,194
Money market funds	1,172,480	1,611,257
Mutual funds - equities	545,778	474,034
Mutual funds - fixed income	706,871	664,822
Mortgage and asset-backed securities	-	57,520
	<u>\$ 4,726,184</u>	<u>\$ 4,455,213</u>

Investments are presented in the statements of financial position as follows:

	June 30,	
	2010	2009
Short-term investments	\$ 409,547	\$ 741,001
Investments	1,038,937	503,125
Assets restricted for endowment	<u>3,277,700</u>	<u>3,211,087</u>
	<u>\$ 4,726,184</u>	<u>\$ 4,455,213</u>

### Note 5 - Fair Value Measurements

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

- 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 where little or no market data is available, which requires the reporting entity to develop its own assumptions.

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 5 - Fair Value Measurements (continued)

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. These classifications (Levels 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 or liquidity.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds, corporate bonds, certificates of deposit, and mortgage and asset-backed securities: Valued based on prices currently available on comparable securities of the issuer or other issuers with similar credit ratings.

Mutual funds: Valued at the closing price reported on the active market on which the securities are traded.

Financial assets and liabilities carried at fair value at June 30, 2010 are classified in the following table in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,252,649	\$ -	\$ -	\$ 1,252,649
Money market funds	-	1,172,480	-	1,172,480
Certificate of deposit	-	976,071	-	976,071
Fixed income securities	-	<u>1,324,984</u>	-	<u>1,324,984</u>
	<u>\$ 1,252,649</u>	<u>\$ 3,473,535</u>	<u>\$ -</u>	<u>\$ 4,726,184</u>

Financial assets and liabilities carried at fair value at June 30, 2009 are classified in the following table in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,138,856	\$ -	\$ -	\$ 1,138,856
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>

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**Note 6 - Short-Term and Long-Term Debt**

Long-term debt consists of:

<u>Lender</u>	<u>Dated</u>	<u>Maturity</u>	<u>Rate</u>	<u>June 30,</u>	
				<u>2010</u>	<u>2009</u>
Bank of America	3/31/2008	3/31/2018	2.75%	\$1,000,000	\$ 500,000
The Ford Foundation	9/17/2004	9/17/2012	1.00%	500,000	500,000
The Ford Foundation	9/17/2004	9/17/2013	1.00%	500,000	500,000
The Ford Foundation	9/17/2004	9/17/2014	1.00%	500,000	500,000
Mercy Investment Program, Inc.	5/1/2010	5/1/2015	3.00%	500,000	-
Mercy Investment Program, Inc.	5/1/2007	5/1/2010	3.00%	-	200,000
Mercy Investment Program, Inc.	5/2/2005	5/1/2010	3.00%	-	100,000
Calvert Foundation	8/31/2007	8/31/2010	4.00%	200,000	200,000
Suzanne Laffetra	10/1/2008	10/1/2013	2.00%	100,000	100,000
Sisters of Charity of the Incarnate Word	10/7/2008	10/7/2013	2.50%	100,000	100,000
James Adams Babson Trust - 1996	12/1/2009	12/1/2012	3.00%	50,000	50,000
Trillium	12/1/2005	7/1/2014	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	50,000
Adrian Dominican Sisters	8/15/2008	8/15/2011	3.00%	50,000	50,000
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	4/5/2015	3.50%	25,000	25,000
Sisters of Mercy of the Americas NE Community	12/1/2008	12/1/2012	2.00%	20,000	20,000
Trillium	12/5/2005	7/1/2011	2.00%	15,000	15,000
Trillium	10/13/2005	1/2/2011	2.00%	10,000	10,000
Trillium	11/30/2007	11/12/2012	3.00%	10,000	10,000
Sisters of Loretto	2/12/2010	2/12/2013	3.00%	10,000	10,000
James A. Babson Trust - 1958	9/1/2005	8/31/2011	3.00%	10,000	10,000
Trillium	12/5/2005	1/2/2011	3.00%	10,000	10,000
Peter and Sharon Moller	1/28/2008	1/28/2011	0.00%	5,000	5,000
Larry Dansinger and Karen Marysdaughter	1/15/2007	5/1/2011	0.00%	5,000	5,000
Veronica Frost	5/16/2008	5/16/2010	2.00%	-	7,000
Rural Community Assistance Corporation	5/2/2005	6/1/2010	4.00%	-	200,000
Trillium	12/5/2005	7/1/2009	2.00%	-	5,000
Sisters of St. Benedict	3/4/2005	7/1/2009	2.00%	-	30,000
Total				<u>3,800,000</u>	<u>3,342,000</u>
Less current maturities				<u>(280,000)</u>	<u>(692,000)</u>
Long-term debt less current maturities				<u>\$3,520,000</u>	<u>\$2,650,000</u>

None of the notes are collateralized.



# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 6 - 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 December 31, 2010. At June 30, 2010, the Organization had elected two advances, for a total of \$1,000,000 as disclosed above.

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

#### **Year Ending June 30,**

2011	\$ 280,000
2012	155,000
2013	590,000
2014	700,000
2015	1,075,000
Thereafter	<u>1,000,000</u>
	<u>\$ 3,800,000</u>

Short-term debt of \$5,000 and \$2,500 at June 30, 2010 and 2009, respectively, consists of a promissory note, principal due February 1, 2011.

### **Note 7 - Line-of-Credit**

The Organization has a line-of-credit agreement with Wells Fargo Bank, N.A. for a maximum amount of \$100,000. 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, 2010 and 2009). There was no balance outstanding as of June 30, 2010 and 2009.

### **Note 8 - 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 8 - Net Assets (continued)**

Temporarily restricted net assets consist of:

	June 30, 2010		
	FNDI	First Nations Oweesta	Consolidated
Time-restricted operating	\$ 30,000	\$ -	\$ 30,000
Grantmaking	93,843	-	93,843
Nonprofit Capacity Building	148,027	-	148,027
Native Assets Research Center	452,878	-	452,878
Policy	95,732	-	95,732
Strengthening Native American Philanthropy	89,991	-	89,991
Organizational Capacity	88,323	-	88,323
First Nations Oweesta Corporation	-	192,528	192,528
	\$ 998,794	\$ 192,528	\$ 1,191,322
	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
	\$ 1,360,525	\$ 20,784	\$ 1,381,309

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

**Note 9 - 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 contributions. Contributions to the Plan during the years ended June 30, 2010 and 2009 totaled \$12,801 and \$17,187, respectively.

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 10 - 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 December 31, 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, 2010 and 2009 was \$57,715 and \$71,845, respectively.

Subsequent to the end of the year, FNDI entered into an additional office space lease in Longmont, Colorado, effective September 1, 2010, at a monthly rate of \$5,250 through February 2012.

First Nations Oweesta occupies office space in Rapid City, South Dakota pursuant to a lease that expires April 30, 2011, at a monthly rate of \$7,314. Rent expense for First Nations Oweesta for the years ended June 30, 2010 and 2009 was \$87,768 and \$87,845, 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, 2010.

First Nations Oweesta leases office equipment at a rate of \$5,486 per year under an agreement which expires in March 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>
2011	\$ 61,725	\$ 78,626	\$ 140,351
2012	<u>42,000</u>	<u>5,258</u>	<u>47,258</u>
Total	<u>\$ 103,725</u>	<u>\$ 83,884</u>	<u>\$ 187,609</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 11 - Related Party Transactions

The Organization makes loans and 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 lender and business relationships with groups headed by members of its board of directors. All loans and 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.

A member of the board of directors of First Nations Oweesta was President and CEO of Native American Bank, from which the Organization held a certificate of deposit valued at approximately \$100,000 during the year ended June 30, 2009. The purchase was made in accordance with the Organization's policy of investing in Native American businesses.

A member of the Board of Directors provided consulting services to First Nations Oweesta. During the years ended June 30, 2010 and 2009, the Organization paid fees and reimbursed expenses in the amounts of \$13,161 and \$3,388, respectively.

A member of the Board of Directors of First Nations Oweesta is a chairperson for Citizen Potawatami Community. The Organization had notes receivable outstanding from Citizen Potawatami Community totaling \$300,000 as of June 30, 2010 and 2009.

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, 2010 and 2009 aggregated approximately \$98,000 and \$88,000, respectively.

The Board of Directors of the Organization has approved all related party transactions.

### Note 12 - Supporting Services and Re grants

Development costs reported in the 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 regranting 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, 2010	<u>\$ 1,035,989</u>	<u>\$ -</u>	<u>\$ 1,035,989</u>
Year ended June 30, 2009	<u>\$ 827,453</u>	<u>\$ 6,000</u>	<u>\$ 833,453</u>

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 13 - 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.

#### Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the 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 Organization

#### 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 \$50,791 and \$71,449 are reported in temporarily restricted net assets and deficiencies of \$0 and \$66,613 are reported in permanently restricted net assets as of June 30, 2010 and 2009, respectfully. These deficiencies resulted from unfavorable market fluctuations. As stipulated by the donor, deficiencies must be fully restored before expenditure of the earnings is resumed.

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 13 - Endowments (continued)

#### 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.

#### 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, 2010 consist of:

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

Changes in endowment net assets for the year ended June 30, 2010:

	Permanently Restricted		
	FNDI	First Nations Oweesta	Total
Endowment assets, beginning of year	\$ 3,061,087	\$ 150,000	\$ 3,211,087
Investment gain			
Net appreciation	66,613	-	66,613
Endowment assets, end of year	\$ 3,127,700	\$ 150,000	\$ 3,277,700

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**Note 13 - Endowments (continued)**

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

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

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

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

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

**ACCOMPANYING INFORMATION**



**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2010**

	Program Services						Supporting Services		Total	
	Grantmaking	Nonprofit Capacity Building	Native Assets Research Center	Policy	Strengthening Native American Philanthropy	Public Education	First Nations Oweesta Corporation	Administration		Development
Salaries	\$ 105,182	\$ 263,710	\$ 128,946	\$ 84,185	\$ 53,036	\$ 17,334	\$ 699,851	\$ 463,330	\$ 222,643	\$ 2,038,217
Payroll taxes and benefits	<u>17,342</u>	<u>47,279</u>	<u>22,770</u>	<u>15,871</u>	<u>10,327</u>	<u>1,850</u>	<u>122,053</u>	<u>109,278</u>	<u>41,585</u>	<u>388,355</u>
Salaries and benefits expense	122,524	310,989	151,716	100,056	63,363	19,184	821,904	572,608	264,228	2,426,572
Regrants	486,946	330,481	140,000	78,562	-	-	-	-	-	1,035,989
Accounting fees	-	-	-	-	-	-	-	48,274	-	48,274
Legal fees	-	-	-	-	5,749	-	-	200	-	5,949
Other professional fees	23,339	110,832	123,673	28,318	58,022	13,224	385,586	15,943	48,788	807,725
Contract temporary help	1,532	2,207	-	1,219	-	-	-	-	-	4,958
Office supplies	1,519	13,208	4,304	1,992	3,398	88	16,577	9,054	6,119	56,259
Telephone	2,748	5,110	3,188	2,307	1,071	40	48,402	7,725	6,372	76,963
Internet/web access	892	1,380	896	672	614	290	-	744	1,037	6,525
Postage and shipping expense	526	3,139	1,695	549	346	19,382	5,324	4,356	38,510	73,827
Occupancy costs	5,964	16,074	7,246	5,850	4,038	304	59,636	36,074	27,021	162,207
Equipment rental and maintenance	5,076	599	230	259	169	8	5,415	23,596	4,746	40,098
Printing and publications	1,104	4,364	19,653	2,012	19,086	19,386	42,749	11,957	30,069	150,380
Staff travel	4,306	51,898	16,009	9,982	9,768	4,124	123,246	34,476	29,402	283,211
Non-staff travel	4,676	28,173	32,683	24,536	3,322	650	51,661	14,423	7	160,131
Scholarship travel	-	39,915	1,443	-	-	-	-	-	-	41,358
Conferences and meetings	6,721	42,688	8,469	10,977	14,177	208	54,269	9,389	1,175	148,073
Insurance	331	880	395	324	1,727	17	-	6,993	506	11,173
Membership dues	500	805	110	-	205	-	6	6,003	1,000	8,629
Staff development	-	-	-	-	-	-	-	4,810	-	4,810
Outside computer services	637	1,074	1,104	482	30,136	139	2,377	6,475	4,335	46,759
Bank and investment fees	-	-	-	-	-	-	-	7,709	-	7,709
Incorporation and other fees	-	-	22	-	3	-	-	5,401	-	5,426
Other	-	-	-	-	-	-	2,701	8,276	341	11,318
Interest expense	-	-	-	-	-	-	75,124	-	-	75,124
Bad debt expense	-	-	-	-	-	-	-	9,452	-	9,452
Outreach and advertising	-	1,025	-	-	-	28	-	1,808	2,413	5,274
Expense for loan loss reserve	-	-	-	-	-	60	5,900	-	-	5,960
Total before depreciation and amortization	<u>669,341</u>	<u>964,841</u>	<u>512,836</u>	<u>268,097</u>	<u>215,194</u>	<u>77,132</u>	<u>1,700,877</u>	<u>845,746</u>	<u>466,069</u>	<u>5,720,133</u>
Depreciation and amortization	<u>363</u>	<u>927</u>	<u>401</u>	<u>360</u>	<u>256</u>	<u>18</u>	<u>19,359</u>	<u>13,614</u>	<u>2,820</u>	<u>38,118</u>
Total functional expenses	<u>\$ 669,704</u>	<u>\$ 965,768</u>	<u>\$ 513,237</u>	<u>\$ 268,457</u>	<u>\$ 215,450</u>	<u>\$ 77,150</u>	<u>\$ 1,720,236</u>	<u>\$ 859,360</u>	<u>\$ 468,889</u>	<u>\$ 5,758,251</u>

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

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

	Program Services						Supporting Services		Total	
	Grantmaking	Nonprofit Capacity Building	Native Assets Research Center	Policy	Strengthening Native American Philanthropy	Public Education	First Nations Oweesta Corporation	Administration		Development
Salaries	\$ 138,063	\$ 118,232	\$ 64,637	\$ 209,715	\$ 67,353	\$ 41,583	\$ 621,861	\$ 583,008	\$ 259,326	\$ 2,103,778
Payroll taxes and benefits	22,584	18,639	11,985	31,769	11,065	10,122	114,372	108,128	41,318	369,982
Salaries and benefits expense	160,647	136,871	76,622	241,484	78,418	51,705	736,233	691,136	300,644	2,473,760
Regrants	659,453	168,000	-	-	-	-	6,000	-	-	833,453
Accounting fees	-	-	-	-	-	-	-	39,705	-	39,705
Legal fees	-	-	1,185	6,240	-	-	-	428	800	8,653
Other professional fees	4,110	53,154	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	3,331	2,705	1,565	7,122	3,372	908	8,419	18,155	5,333	50,910
Telephone	2,229	2,355	2,472	3,922	1,136	1,152	71,670	29,639	6,725	121,300
Internet/web access	1,223	1,055	845	1,653	820	794	-	1,260	998	8,648
Postage and shipping expense	92	1,638	1,471	751	327	436	6,954	8,873	47,213	67,755
Occupancy costs	11,322	8,939	6,500	14,205	4,903	6,324	20,190	80,455	20,517	173,355
Equipment rental and maintenance	4,538	3,276	1,022	2,127	770	964	2,572	35,060	8,865	59,194
Printing and publications	547	13,612	11,487	2,436	1,374	12,916	60,230	638	49,992	153,232
Staff travel	2,720	32,532	10,798	16,804	8,237	1,657	129,755	32,614	18,943	254,060
Non-staff travel	8,681	19,479	11,266	26,422	2,776	-	93,366	35,245	-	197,235
Scholarship travel	-	36,168	-	6,288	-	-	-	-	-	42,456
Conferences and meetings	7,482	33,443	2,061	5,899	1,664	6,209	46,641	16,040	8,771	128,210
Insurance	431	517	304	670	1,732	298	308	2,762	384	7,406
Membership dues	(204)	299	555	55	600	-	1,355	6,255	995	9,910
Staff development	39	650	-	-	-	-	1,025	1,326	595	3,635
Outside computer services	401	1,568	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	(114)	113	-	-	1,874	-	2,492	9,453	7,719	21,537
Interest expense	-	-	-	-	-	-	47,043	20,349	-	67,392
Outreach and advertising	-	979	-	-	-	-	-	-	-	979
Expense for loan loss reserve	-	-	-	-	-	-	-	63,500	-	63,500
Total before depreciation and amortization	866,928	520,785	177,832	375,623	166,945	96,804	2,141,852	1,134,227	560,307	6,041,303
Depreciation and amortization	700	573	407	898	286	399	-	31,324	459	35,046
Total functional expenses	\$ 867,628	\$ 521,358	\$ 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  
FIRST NATIONS OWEESTA CORPORATION**

**Consolidating Statement of Financial Position  
June 30, 2010**

	FNDI	First Nations Oweesta	Eliminating Entries	Consolidated Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 934,370	\$ 2,499,087	\$ -	\$ 3,433,457
Short-term investments	-	409,547	-	409,547
Grants receivable	176,325	5,000	-	181,325
Notes receivable, current portion	-	490,000	-	490,000
Government grants receivable	259,532	-	-	259,532
Interest receivable	-	19,944	-	19,944
Other current receivables, net	6,141	460,146	-	466,287
Due from affiliate	12	-	(12)	-
Prepaid expenses	<u>18,109</u>	<u>6,566</u>	<u>-</u>	<u>24,675</u>
Total current assets	<u>1,394,489</u>	<u>3,890,290</u>	<u>(12)</u>	<u>5,284,767</u>
Property and equipment				
Furniture, equipment and software	132,648	164,353	-	297,001
Less accumulated depreciation and amortization	<u>(130,544)</u>	<u>(88,538)</u>	<u>-</u>	<u>(219,082)</u>
Total property and equipment	<u>2,104</u>	<u>75,815</u>	<u>-</u>	<u>77,919</u>
Other assets				
Long-term notes receivable, net of valuation allowance	-	1,988,600	-	1,988,600
Investments	46,973	991,964	-	1,038,937
Assets restricted for endowment	3,127,700	150,000	-	3,277,700
Security deposits	<u>2,745</u>	<u>9,204</u>	<u>-</u>	<u>11,949</u>
Total other assets	<u>3,177,418</u>	<u>3,139,768</u>	<u>-</u>	<u>6,317,186</u>
Total assets	<u>\$ 4,574,011</u>	<u>\$ 7,105,873</u>	<u>\$ (12)</u>	<u>\$ 11,679,872</u>
<b>Liabilities and Net Assets</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 105,482	\$ 205,560	\$ -	\$ 311,042
Due to affiliate	-	12	(12)	-
Regrants payable	656,031	-	-	656,031
Deferred revenue	20,000	1,066,591	-	1,086,591
Short-term debt	-	5,000	-	5,000
Current maturities of long-term debt	<u>-</u>	<u>280,000</u>	<u>-</u>	<u>280,000</u>
Total current liabilities	<u>781,513</u>	<u>1,557,163</u>	<u>(12)</u>	<u>2,338,664</u>
Long-term liabilities				
Long-term debt, net of current maturities	<u>-</u>	<u>3,520,000</u>	<u>-</u>	<u>3,520,000</u>
Total liabilities	<u>781,513</u>	<u>5,077,163</u>	<u>(12)</u>	<u>5,858,664</u>
Net assets				
Unrestricted	(333,996)	1,686,182	-	1,352,186
Temporarily restricted	998,794	192,528	-	1,191,322
Permanently restricted	<u>3,127,700</u>	<u>150,000</u>	<u>-</u>	<u>3,277,700</u>
Total net assets	<u>3,792,498</u>	<u>2,028,710</u>	<u>-</u>	<u>5,821,208</u>
Total liabilities and net assets	<u>\$ 4,574,011</u>	<u>\$ 7,105,873</u>	<u>\$ (12)</u>	<u>\$ 11,679,872</u>

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

**Consolidating Statement of Activities  
For the Year Ended June 30, 2010**

	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	\$ 161,512	\$ 2,580,530	\$ -	\$ 2,742,042	\$ 1,053,257	\$ 866,523	\$ -	\$ 1,919,780	\$ -	\$ 1,214,769	\$ 3,447,053	\$ -	\$ 4,661,822
Contributions	<u>50,661</u>	<u>11,000</u>	<u>-</u>	<u>61,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,661</u>	<u>11,000</u>	<u>-</u>	<u>61,661</u>
Total public support	<u>212,173</u>	<u>2,591,530</u>	<u>-</u>	<u>2,803,703</u>	<u>1,053,257</u>	<u>866,523</u>	<u>-</u>	<u>1,919,780</u>	<u>-</u>	<u>1,265,430</u>	<u>3,458,053</u>	<u>-</u>	<u>4,723,483</u>
Other revenue													
Program service fee	46,649	-	-	46,649	1,261,728	-	-	1,261,728	(1,377)	1,307,000	-	-	1,307,000
Interest and dividend income	16,897	69,979	-	86,876	9,453	117,593	-	127,046	-	26,350	187,572	-	213,922
Unrealized gain (loss) on investments	640	16,585	66,613	83,838	3,957	-	-	3,957	-	4,597	16,585	66,613	87,795
Other	<u>15,450</u>	<u>-</u>	<u>-</u>	<u>15,450</u>	<u>9,940</u>	<u>-</u>	<u>-</u>	<u>9,940</u>	<u>(15,000)</u>	<u>10,390</u>	<u>-</u>	<u>-</u>	<u>10,390</u>
Total other revenue	<u>79,636</u>	<u>86,564</u>	<u>66,613</u>	<u>232,813</u>	<u>1,285,078</u>	<u>117,593</u>	<u>-</u>	<u>1,402,671</u>	<u>(16,377)</u>	<u>1,348,337</u>	<u>204,157</u>	<u>66,613</u>	<u>1,619,107</u>
Net assets released from restrictions	<u>3,039,825</u>	<u>(3,039,825)</u>	<u>-</u>	<u>-</u>	<u>812,372</u>	<u>(812,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,852,197</u>	<u>(3,852,197)</u>	<u>-</u>	<u>-</u>
Total public support and other revenue	<u>3,331,634</u>	<u>(361,731)</u>	<u>66,613</u>	<u>3,036,516</u>	<u>3,150,707</u>	<u>171,744</u>	<u>-</u>	<u>3,322,451</u>	<u>(16,377)</u>	<u>6,465,964</u>	<u>(189,987)</u>	<u>66,613</u>	<u>6,342,590</u>
Functional expenses													
Program services													
Grantmaking	669,704	-	-	669,704	-	-	-	-	-	669,704	-	-	669,704
Nonprofit Capacity Building Department	965,768	-	-	965,768	-	-	-	-	-	965,768	-	-	965,768
Native Assets Research Center	513,237	-	-	513,237	-	-	-	-	-	513,237	-	-	513,237
Policy	268,457	-	-	268,457	-	-	-	-	-	268,457	-	-	268,457
Strengthening Native American Philanthropy	215,450	-	-	215,450	-	-	-	-	-	215,450	-	-	215,450
Public Education	77,150	-	-	77,150	-	-	-	-	-	77,150	-	-	77,150
First Nations Oweesta Corporation	-	-	-	-	1,721,613	-	-	1,721,613	(1,377)	1,720,236	-	-	1,720,236
Support services													
Administration	285,980	-	-	285,980	588,380	-	-	588,380	(15,000)	859,360	-	-	859,360
Development	<u>289,576</u>	<u>-</u>	<u>-</u>	<u>289,576</u>	<u>179,313</u>	<u>-</u>	<u>-</u>	<u>179,313</u>	<u>-</u>	<u>468,889</u>	<u>-</u>	<u>-</u>	<u>468,889</u>
Total functional expenses	<u>3,285,322</u>	<u>-</u>	<u>-</u>	<u>3,285,322</u>	<u>2,489,306</u>	<u>-</u>	<u>-</u>	<u>2,489,306</u>	<u>(16,377)</u>	<u>5,758,251</u>	<u>-</u>	<u>-</u>	<u>5,758,251</u>
Change in net assets	46,312	(361,731)	66,613	(248,806)	661,401	171,744	-	833,145	-	707,713	(189,987)	66,613	584,339
Net assets at beginning 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>
Net assets at end of year	<u>\$ (333,996)</u>	<u>\$ 998,794</u>	<u>\$ 3,127,700</u>	<u>\$ 3,792,498</u>	<u>\$ 1,686,182</u>	<u>\$ 192,528</u>	<u>\$ 150,000</u>	<u>\$ 2,028,710</u>	<u>\$ -</u>	<u>\$ 1,352,186</u>	<u>\$ 1,191,322</u>	<u>\$ 3,277,700</u>	<u>\$ 5,821,208</u>