



IAIA

INSTITUTE of
AMERICAN INDIAN ARTS

INSTITUTE OF AMERICAN INDIAN AND ALASKA NATIVE CULTURE AND ARTS DEVELOPMENT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021



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SEPTEMBER 30, 2022

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OFFICIAL ROSTER
SEPTEMBER 30, 2022

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Director of Institutional Advancement and Executive
Director of IAIA Foundation

PATSY PHILLIPS
Director of Museum of Contemporary Native Arts

JASON ORDAZ
Director of Marketing and Communications

MARY BETH WORLEY
Director of Institutional Research

RENEE WHITE
Executive Assistant to the President



IAIA
INSTITUTE OF
AMERICAN INDIAN ARTS

FINANCIAL SECTION



Jaramillo Accounting Group LLC

Certified Public Accountants

Audit, Fraud, Consulting

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Institute of American Indian and Alaska
Native Culture and Arts Development
Santa Fe, New Mexico

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Institute of American Indian and Alaska Native Culture and Arts Development (IAIA) as of and for the years ended September 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise IAIA's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of IAIA, as of September 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT OF THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IAIA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IAIA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IAIA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

REQUIRED SUPPLEMENTARY INFORMATION

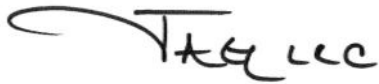
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 - 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise IAIA's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Combining Statements of Net Position, and Combining Statements of Revenues, Expenses, and Changes in Net Position are presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Combining Statements of Net Position, and Combining Statements of Revenues, Expenses, and Changes in Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2023 on our consideration of IAIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IAIA's internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
March 11, 2023

Management's Discussion and Analysis (Unaudited)

SEPTEMBER 30, 2022 AND 2021

The unaudited Management's Discussion and Analysis (MD&A) for the Institute of American Indian and Alaska Native Culture and Arts Development (IAIA or the Institute) is required as supplemental information under the Governmental Accounting Standards Board's (GASB) reporting model. It is designed to assist readers in understanding the accompanying financial statements and provides an objective, easily readable analysis of IAIA's financial activities based on currently known facts, decisions, and conditions. We encourage readers to consider the information presented here, in conjunction with the financial statements.

BASIC FINANCIAL STATEMENTS

Overall Approach

The Institute's financial statements have been prepared in accordance with GASB Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities. IAIA qualifies for Business Type Activity Reporting under GASB 35 and the accompanying financial statements present the Institute as a single aggregate business-type activity. The required financial statements are the Statement of Net Position (balance sheet), the Statement of Revenues, Expenses, and Changes in Net Position (operations statement), and the Statement of Cash Flows. Combining the information in these financial statements indicates how major fund groups and functional expenses were aggregated to arrive at financial statement totals.

Statement of Net Position

The Statement of Net Position presents all assets and liabilities and the net position of the Institute as of the end of the fiscal year. The purpose of the statement is to present a snapshot of the Institute's financial position to the readers of the financial statements. The data in the Statement of Net Position aids readers in determining the assets available to continue the operations of the Institute and discloses how much the Institute owes to its various creditors. Finally, it provides a picture of net position and their availability for expenditure by the Institute. A sustained increase in net position over time is one indicator of the financial health of the Institute.

Statement of Revenues, Expenses, and Changes in Net Position

The operating and non-operating activities creating changes in the Institute's total net position are presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present all revenues received and accrued, all expenses paid and accrued, and gains or losses from investments and capital assets. Operating revenues and expenses are those received or paid for providing goods and services to various customers and constituencies.

Non-operating revenues received are those for which goods and services are not directly provided. Federal appropriations and gifts are classed as non-operating items, although they provide most of the funding for the Institute. The Institute expects to show an operating loss before the inclusion of these non-operating revenues, like most public institutions.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information on the cash inflows and outflows of the Institute and helps readers assess the ability of the Institute to generate future cash flows to meet obligations. Sources and uses of cash are segregated into four sections. Cash flows from operating activities details related cash inflows

BASIC FINANCIAL STATEMENTS (CONTINUED)

and outflows, showing the net cash used in or provided by operations. Cash flows from non-capital financing activities disclose the Institute's federal appropriations and non-capital gifts. Cash flows from capital and related financing activities present cash used for the acquisition and construction of capital (long-term) assets. Cash flows from investing activities reflect investment purchases, sales, and investment income.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

A summary of key financial data of the Institute follows at September 30, 2022 and 2021:

Condensed Statement of Net Position - Assets Only

	2022	2021	Change
Current assets	\$ 44,116,746	\$ 41,762,454	\$ 2,354,292
Restricted cash	414,064	413,858	206
Long-term investments	17,442,098	17,112,652	329,446
Capital assets, net of accumulated depreciation	56,399,792	55,494,648	905,144
Total assets	\$ 118,372,700	\$ 114,783,612	\$ 3,589,088

Quick ratio 2.29 2.25

Assets for FY22 have increased significantly from FY21. Current assets increased primarily due to larger amounts of cash and cash equivalents on hand at year-end. Capital assets showed a remarkable increase due to new capital projects outpacing the effects of annual depreciation, while long-term investments also posted moderate gains.

The quick ratio, which compares liquid current assets (cash and receivables) to certain current liabilities, is a measure of liquidity, an indicator of the Institute's ability to meet its current debt obligations. A ratio > 1 is considered a healthy amount of liquidity. For FY22, IAIA achieved a quick ratio > 1, as it did in FY21.

Condensed Statement of Net Position - Liabilities Only

	2022	2021	Change
Current Liabilities	\$ 19,249,695	\$ 18,567,376	\$ 682,319
Non-current liabilities	4,479,175	4,750,809	(271,634)
Total liabilities	\$ 23,728,870	\$ 23,318,185	\$ 410,685

Current liabilities increased in FY22, primarily due to COVID relief and other grant funds, which were received but not yet earned. Accrued payroll and accrued vacation leave liabilities also contribute to this number. As expected, IAIA experienced a decrease in its long-term liabilities.

Both long-term debt and the current portion of long-term debt continue to track according to schedule. The liability as of September 30, 2022, was comprised of a loan with First Citizens Bank (FCB), which was incurred as a favorable refinance of a construction loan from the New Mexico Finance Authority (NMFA), used to build the Student Residence Center. IAIA entered into this new refinance agreement with FCB on August 5, 2021.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

Condensed Statement of Net Position - Net Position Only

	2022	2021	Change
Net investment in capital assets	\$ 51,648,992	\$ 50,436,564	\$ 1,212,428
Restricted	11,126,637	9,994,576	1,132,061
Unrestricted	31,868,201	31,034,287	833,914
Total net position	\$ 94,643,830	\$ 91,465,427	\$ 3,178,403

The increase in net position in FY22 was driven by significant growth in cash and cash equivalents, as well as investments. This increase was partially offset by additional unearned revenue liability.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2022	2021	Change
Operating revenues	\$ 9,341,835	\$ 8,775,958	\$ 565,877
Operating expenses	(23,312,202)	(20,728,041)	(2,584,161)
Non-operating revenue	16,184,568	28,579,442	(12,394,874)
Non-operating expense	(486,725)	(1,113,108)	626,383
Capital grants	1,450,927	2,179,699	(728,772)
Change in net position	3,178,403	17,693,950	(14,515,547)
Net position, beginning of year	91,465,427	73,771,477	17,693,950
Net position, end of year	\$ 94,643,830	\$ 91,465,427	\$ 3,178,403

Operating revenues exceeded results in FY21. In FY22, operating expenses were up as the Institute continued the resumption of normal business activities, post-pandemic, while non-operating expenses were down slightly. Non-operating revenue experienced a material decrease, due to the ramping down of COVID relief funding, while capital grants were below FY21 levels.

Description of Capital Assets and Long-Term Debt Activity

Capital assets increased in FY22, as compared with FY21, due to new capital projects taking place on the campus, which more than offset the effect of yearly depreciation.

IAIA entered into a debt agreement with the New Mexico Finance Authority in 2007 to finance a new Student Resident Center. In August 2021, this loan was refinanced with First Citizens Bank (FCB), from which the proceeds were used to pay off the remaining principal balance on the 2007 NMFA note. The liability as of September 30, 2022 is comprised of this refinanced note. All scheduled payments on both loans were made on time and in full. The FY22 year-end balance on this debt was \$4,750,800.

Overall Financial Analysis of Operations

The effects of the COVID-19 pandemic continued to recede in FY22, and campus activities sustained their march toward full functionality. However, increased inflation on a national level, as well as a challenging political environment, have continued to make forecasting and planning a demanding exercise. As such, the Institute recognizes the need to remain highly nimble and be able to pivot, when circumstances change.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

Tuition and fees outpaced their FY21 results slightly, while auxiliaries posted revenues that were materially higher than their FY21 levels. This was primarily due to a return to full capacity in the dorms, as well as a completely booked summer conference season. Additionally, a sustained return of customer traffic to the stores and patrons returning to the Museum contributed to the positive results. With an intensified return to normal activity levels, operating expenses were also greater than in FY21. The overall operating loss, a normal expectation for many public institutions, was \$13,970,367 compared to a FY21 loss of \$11,952,083. An increase to the Institute's federal appropriation, coupled with continued federal grant activity, offset this operating loss. The net result was an increase of \$3,178,403 to IAIA's net position in FY22. IAIA maintained a line-of-credit balance of \$0 throughout FY22 and FY21.

Although investments did not perform at FY21 levels, strong cash, and cash equivalent positions contributed to an increase in total assets of \$3,589,088. Total liabilities increased by \$410,685, led by growth in unearned revenue. However, this was partially offset by lesser accrued accounts payable and payroll-related accruals. Both long-term debt and the current portion of long-term debt continue to be retired according to schedule. The increase in net position that resulted for IAIA at year-end continues to ensure that the Institute remains in a solid fiscal condition and is ready to face any challenge that may lie ahead.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

IAIA is funded by Congress on an annual basis through appropriation. The annual appropriation has fluctuated since 1982 depending on the budget process, the political makeup, and the political will of Congress. In a key development for the IAIA, the FY16 appropriation increased to \$11.62 million, which included \$2 million in forward funding for FY17 and base funding of \$9.62 million for the FY16. This marked the first time that IAIA achieved a forward funding component of its base appropriation. In FY17, IAIA received a total appropriation of \$15.21 million. This included base funding of \$7.84 million for current-year operations, as well as \$7.38 million to forward fund IAIA at a 75% rate for FY18. The 75% rate of forward funding has remained the standard, since being introduced in FY17 and has played a significant role in ensuring a degree of certainty in the operation of the Institute, from year to year.

Looking forward to FY23, IAIA expects a full return to normal operations. Additionally, enrollment is projected to continue to rise slightly, which should produce increases in the demand for auxiliary services. The headwinds of a strong inflationary environment continue to present very real challenges to the Institute. As a result, all vendor-provided services and purchases of materials will need to be closely monitored for maximum value and changes made where circumstances necessitate. As always, the Institute will seek to increase its core Congressional appropriation, which could also provide some relief from the effects of inflation.

Programmatic Need and Approach

Native American tribes and Alaska Natives, and their people on reservations and in urban areas, continue to face persistent economic, educational, social, and health challenges with fragmented approaches to foster community change. At the same time, local resources, and expanded opportunities to develop community-based systemic solutions to appropriately address and impact these realities and needs are extremely limited. IAIA represents the application of culture-based values, ideas, perspectives, and approaches that emphasize self-determination, self-empowerment, and community development through its services, assistance, and activities. IAIA supports individual and collective efforts in developing systemic, culturally derived solutions through customized programming to address tribal and community needs. The culturally derived approaches and outreach services that foster the strengthening of individuals, families, tribes, and communities in the manner described are integral to the IAIA mission. Additionally, the Institute partners with individuals and organizations in indigenous and non-indigenous communities throughout the United States and the world who are willing to collaborate in ways that lead to appropriate, sustainable, and productive social and community change.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (CONTINUED)

Target Geographic Area

IAIA serves a diverse constituency locally, nationally, and internationally. Locally, IAIA serves the City of Santa Fe and the immediately surrounding Pueblos of the Eight Northern Indian Pueblo Council, Inc. and the All-Indian Pueblo Council. Regionally, the Institute serves the highly concentrated Four Corners Region and tribes throughout the states of New Mexico, Arizona, Utah, and Colorado. Nationally, IAIA provides tribal outreach services to many of the 565 federally recognized tribes, including Hawaiian Natives and Alaskan Native communities and urban-based Native individuals.

Regionally, the Institute serves the highly concentrated Four Corners Region and tribes throughout the states of New Mexico, Arizona, Utah, and Colorado.

Principles of Practice

IAIA, The Museum of Contemporary Native Arts, and the IAIA Land Grant Office have continued to evolve and develop their organizational capacity and programming following the Institute's vision, guiding principles, and mission. IAIA's Strategic Plan 2025 aims to advance the Institute, guided by its Mission, Vision, Values, and Strategic Directions:

Mission:

To empower creativity and leadership in Indigenous arts and cultures through higher education, lifelong learning, and community engagement.

Vision:

To be the premier educational institution elevating Indigenous arts and cultures globally.

Values:

- Collaboration: Working together for student success.
- Excellence: Upholding high standards for students, faculty, and staff.
- Creativity: Encouraging bold expression in art and life.
- Respect: Fostering the appreciation of cultures, perspectives, and identities through diversity, equity, inclusion, and accessibility.
- Integrity: Expecting and honoring reciprocity, accountability, honesty, and responsibility to ourselves, our community, and our world.
- Leadership: Cultivating leaders in Indigenous arts and cultures.
- Stewardship: Being effective stewards of the Institute of American Indian Arts' resources to ensure sustainability.
- Environment: Protecting the earth and our environment.

Strategic Directions:

- Student Success: Using an Indigenous framework, the Institute of American Indian Arts will provide increased opportunities for our students to achieve their goals.
- College Community: The Institute of American Indian Arts will strengthen our communications, services, and relationships with our internal and external audiences.
- Contemporary Indigenous Arts and Cultures: The Institute of American Indian Arts will advance contemporary Indigenous arts and cultures, and our unique role, through our academic, museum, and land-grant programs.
- Capacity for Growth: The Institute of American Indian Arts will build on our strengths and accomplishments by managing our resources prudently to ensure the sustainability of our human, physical, and financial resources.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (CONTINUED)

IAIA has forged many partnerships that enhance the availability of resources to Indian tribes, students, and alumni. A partial list is provided below:

- The National Endowment for the Humanities
- U.S. Department of Agriculture
- The NM Governor's Office
- Eight Northern Indian Pueblos, Inc.
- NM Higher Education Department
- American Indian Higher Education Consortium
- U.S. Department of Education
- U.S. Department of Defense
- The Mellon Foundation
- NM State Legislature
- National Museum of the American Indian
- NM MISP & Film Office
- Margaret A. Cargill Philanthropies
- The Ford Foundation
- American Indian College Fund
- Nike
- The Walt Disney Corporation



Basic Financial Statements

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Institute & Trust	Foundation
ASSETS		
Current assets		
Cash and cash equivalents	\$ 30,958,633	\$ 1,369,313
Accounts receivable, net	2,521,360	-
Investments	9,109,511	-
Inventory, net	322,072	-
Prepays and other assets	232,135	129,867
Due from Foundation	973,035	-
Total current assets	44,116,746	1,499,180
Non-current assets		
Cash and cash equivalents - restricted	414,064	-
Investments	17,442,098	-
Capital assets, net	56,399,792	-
Total non-current assets	74,255,954	-
Total assets	118,372,700	1,499,180
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	1,971,794	-
Due to Institute	-	973,035
Long-term debt, current portion	271,625	-
Unearned revenue	17,006,276	-
Total current liabilities	19,249,695	973,035
Long-term debt, less current portion	4,479,175	-
Total liabilities	23,728,870	973,035
NET POSITION		
Unrestricted		
Unrestricted	21,769,276	526,145
Unrestricted - board designated	10,098,925	-
Total unrestricted	31,868,201	526,145
Restricted		
General - expendable	3,048,144	-
Endowment - expendable	147,627	-
Endowment - nonexpendable	7,930,866	-
Total restricted	11,126,637	-
Net investment in capital assets	51,648,992	-
Total net position	\$ 94,643,830	\$ 526,145

See Accompanying Notes.

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Institute & Trust	Foundation
ASSETS		
Current assets		
Cash and cash equivalents	\$ 27,239,590	\$ 642,818
Accounts receivable, net	2,520,989	-
Investments	11,009,534	-
Inventory, net	294,753	-
Prepays and other assets	264,309	74,700
Due from Foundation	433,279	-
Total current assets	41,762,454	717,518
Non-current assets		
Cash and cash equivalents - restricted	413,858	-
Investments	17,112,652	-
Capital assets, net	55,494,648	-
Total non-current assets	73,021,158	-
Total assets	114,783,612	717,518
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	2,318,954	-
Due to Institute	-	433,279
Long-term debt, current portion	307,275	-
Unearned revenue	15,941,147	-
Total current liabilities	18,567,376	433,279
Long-term debt, less current portion	4,750,809	-
Total liabilities	23,318,185	433,279
NET POSITION		
Unrestricted		
Unrestricted	20,954,021	284,239
Unrestricted - board designated	10,080,266	-
Total unrestricted	31,034,287	284,239
Restricted		
General - expendable	3,058,565	-
Endowment - expendable	948,717	-
Endowment - nonexpendable	5,987,294	-
Total restricted	9,994,576	-
Net investment in capital assets	50,436,564	-
Total net position	\$ 91,465,427	\$ 284,239

See Accompanying Notes.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Institute & Trust	Foundation
OPERATING REVENUES		
Student tuition and fees	\$ 2,098,494	\$ -
Government grants and contracts	1,556,237	-
Private grants and contracts	3,436,868	-
Auxiliary enterprise revenues	1,966,086	-
Contributions	-	4,738,948
Other operating income	284,150	610
Total operating revenues	9,341,835	4,739,558
OPERATING EXPENSES		
Educational and general	12,005,184	-
Private grants and contracts	6,624,578	-
Depreciation	2,303,599	-
Auxiliary enterprises	2,032,050	-
Government grants and contracts	-	-
Distributions to the Institute	-	4,183,700
Other operating expenses	346,791	313,952
Total operating expenses	23,312,202	4,497,652
Operating (loss) income	(13,970,367)	241,906
NON-OPERATING REVENUES (EXPENSES)		
Federal appropriation	11,741,000	-
CARES Act grants	4,065,538	-
Pell and SEOG grants	853,368	-
Other non-operating revenue, net	3,421,617	-
Interest on capital asset-related debt	(150,157)	-
Interest income	179,026	-
Investment loss	(4,412,549)	-
Total non-operating revenues	15,697,843	-
CAPITAL GRANTS		
Federal and state grants	1,426,949	-
Private grants	23,978	-
Total capital grants	1,450,927	-
Change in net position	3,178,403	241,906
Net position, beginning of year	91,465,427	284,239
Net position, end of year	\$ 94,643,830	\$ 526,145

See Accompanying Notes.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Institute & Trust	Foundation
OPERATING REVENUES		
Student tuition and fees	\$ 1,851,604	\$ -
Government grants and contracts	2,605,206	-
Private grants and contracts	3,018,487	-
Auxiliary enterprise revenues	1,158,830	-
Contributions	-	4,148,576
Other operating income	141,831	133
Total operating revenues	8,775,958	4,148,709
OPERATING EXPENSES		
Educational and general	11,769,386	-
Private grants and contracts	4,905,607	-
Depreciation	2,145,156	-
Auxiliary enterprises	1,650,734	-
Government grants and contracts	-	-
Distributions to the Institute	-	3,725,011
Other operating expenses	257,158	151,853
Total operating expenses	20,728,041	3,876,864
Operating (loss) income	(11,952,083)	271,845
NON-OPERATING REVENUES (EXPENSES)		
Federal appropriation	10,772,000	-
CARES Act grants	2,291,270	-
Pell and SEOG grants	898,633	-
Other non-operating revenue, net	11,160,793	-
Interest on capital asset-related debt	(214,475)	-
Interest income	106,262	-
Investment income	2,451,851	-
Total non-operating revenues	27,466,334	-
CAPITAL GRANTS		
Federal and state grants	2,163,535	-
Private grants	16,164	-
Total capital grants	2,179,699	-
Change in net position	17,693,950	271,845
Net position, beginning of year	73,771,477	12,394
Net position, end of year	\$ 91,465,427	\$ 284,239

See Accompanying Notes.

**STATEMENTS OF CASH FLOWS – INSTITUTE AND TRUST
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
Cash Flows from Operating Activities		
Cash received from student tuition and fees	\$ 1,891,836	\$ 1,846,839
Cash received from auxiliary enterprises	1,966,086	1,158,830
Cash received from other operating activities	121,490	139,140
Cash received from grants	6,147,390	5,806,189
Cash paid for educational and general expenses	(12,347,489)	(11,734,094)
Cash paid for grant related expenses	(6,624,578)	(4,905,607)
Cash paid for auxiliary enterprises	(2,032,050)	(1,650,734)
Cash paid for other operating activities	(346,791)	(257,158)
Net cash used in operating activities	(11,224,106)	(9,596,595)
Cash Flows from Non-Capital Financing Activities		
Cash received from federal appropriations	11,741,000	10,772,000
CARES Act grants	4,396,947	13,212,633
Cash received from contributions for other than capital	3,683,611	11,967,198
Net cash provided by non-capital financing activities	19,821,558	35,951,831
Cash Flows from Capital and Related Financing Activities		
Cash received from capital grants	1,450,927	2,179,699
Acquisition of capital assets	(3,208,743)	(3,366,904)
Interest payments on long-term capital debt	(150,157)	(214,475)
Principal payments on long-term capital debt	(307,284)	(5,714,640)
Proceeds from long-term capital debt	-	5,058,093
Net cash used in capital and related financing activities	(2,215,257)	(2,058,227)
Cash Flows from Investing Activities		
Change in restricted cash	(206)	81,025
Purchases of investments	(1,403,702)	(16,146,969)
Sales of investments	2,974,279	2,841,556
Investment (loss) income	(4,233,523)	2,558,113
Net cash used in investing activities	(2,663,152)	(10,666,275)
Net increase in cash and cash equivalents	3,719,043	13,630,734
Cash and cash equivalents, beginning of year	27,239,590	13,608,856
Cash and cash equivalents, end of year	\$ 30,958,633	\$ 27,239,590

See Accompanying Notes.

STATEMENTS OF CASH FLOWS – INSTITUTE AND TRUST (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	<u>\$ (13,970,367)</u>	<u>\$ (11,952,083)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation expense	2,303,599	2,145,156
Changes in assets and liabilities		
Receivables, net	(418,454)	(83,409)
Short-term investments	-	-
Inventory, net	(27,319)	9,571
Prepays and other assets	32,174	(78,606)
Accounts payable and accrued expenses	(347,160)	104,327
Unearned revenue	<u>1,203,421</u>	<u>258,449</u>
Total adjustments	<u>2,746,261</u>	<u>2,355,488</u>
Net cash used in operating activities	<u>\$ (11,224,106)</u>	<u>\$ (9,596,595)</u>
Supplemental disclosure of cash flow information		
Interest paid in cash	<u>\$ 150,157</u>	<u>\$ 214,475</u>

See Accompanying Notes.

**STATEMENTS OF CASH FLOWS – FOUNDATION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
Cash Flows from Operating Activities		
Cash received from contribution activities	\$ 4,683,781	\$ 4,073,876
Cash received from interest	610	133
Cash distributed to Institute	(3,643,944)	(3,632,783)
Cash used in operations	(313,952)	(151,853)
Net cash provided by operating activities	726,495	289,373
Net increase in cash and cash equivalents	726,495	289,373
Cash and cash equivalents, beginning of year	642,818	353,445
Cash and cash equivalents, end of year	\$ 1,369,313	\$ 642,818
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income	\$ 241,906	\$ 271,845
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Changes in assets and liabilities		
Prepays and other assets	(55,167)	(74,700)
Due to Institute	539,756	92,228
Accounts payable and accrued expenses	-	-
Total adjustments	484,589	17,528
Net cash provided by operating activities	\$ 726,495	\$ 289,373

See Accompanying Notes.

**STATEMENTS OF FIDUCIARY NET POSITION – 457 PLAN
SEPTEMBER 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Marketable securities and other investments	<u>\$ 361,092</u>	<u>\$ 431,889</u>
NET POSITION		
Pension plan participants' benefits	<u>\$ 361,092</u>	<u>\$ 431,889</u>

See Accompanying Notes.

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – 457 PLAN
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
ADDITIONS		
Investment earnings	\$ 1,938	\$ 1,871
Employee contributions	24,455	25,339
Investment gains	-	69,327
Total additions	26,393	96,537
DEDUCTIONS		
Investment losses	90,876	-
Distributions to participants	5,994	72,603
Other activity	320	431
Total deductions	97,190	73,034
Change in net position	(70,797)	23,503
Net position - beginning of year	431,889	408,386
Net position - end of year	\$ 361,092	\$ 431,889

See Accompanying Notes.

Notes to Financial Statements

SEPTEMBER 30, 2022 AND 2021

NOTE 1. ORGANIZATION

The Institute of American Indian and Alaska Native Culture and Arts Development (IAIA or the Institute) is an independent agency of the United States and is a congressionally chartered college serving Native Americans, the nation, and international communities. IAIA began operation under an act of Congress known as the American Indian, Alaska Native, and Native Hawaiian Culture and Art Development Act: Public Law 99-948, dated October 17, 1986 (enabling legislation). Its mission is to provide education and instruction in the scholarly study and preservation of Indian art and culture. IAIA also educates the general public through the IAIA Museum—the National Collection of Contemporary Indian Art. IAIA's focus is on teaching, learning, and outreach to preserve Indian culture from the past and to expand personal growth, opportunity, and improve quality of life for its students and stakeholders. The enabling legislation exempted IAIA from all taxation imposed by the United States, by any Indian Tribe, or by any state or political subdivision. In fiscal 2003, IAIA filed for, and was granted, treatment as a non-profit entity as recognized as described by Section 501(c)(3) of the Internal Revenue Code.

IAIA is fully accredited by the National Association of Schools of Art and Design and by the North Central Association of Colleges and Schools. The most recent accreditation was awarded on a 10-year basis in 2014. Based on its enabling legislation, its Board of Trustees (the Board), are appointed by the President of the United States and members of the United States House of Representatives and Senate sit as ex-officio members of the Board. As such and due to its federal funding through annual appropriation, it is considered a public college.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Accounting basis. For financial reporting purposes, IAIA is considered a special-purpose government entity engaged only in Business Type Activities (BTA) and follows accounting standards promulgated by the Government Accounting Standards Board (GASB). BTA reporting requires IAIA to present basic financial statements and management's discussion and analysis. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, notes to the financial statements and any applicable supplementary information. Fund financial statements and budget information are not required for BTA reporting. Accordingly, IAIA's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

The Governmental Accounting Standards Board provides additional guidance to determine whether certain organizations, for which the primary government is not financially accountable, should be reported as component units, based on the nature and significance of their relationship with the primary government.

Under this criteria IAIA has two component units. One component unit meets the definition of a blended component unit and is blended into the reporting entity. The other component unit is not blended into the reporting entity but is discretely presented separate from the reporting entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAIA Trust. The IAIA Trust (the Trust) meets the criteria for a blended component unit, which is a separately incorporated non-profit entity controlled by IAIA, recognized and described by Section 501(c)(3) of the Internal Revenue Code. IAIA’s board oversees the Trust.

Financial details of the Trust can be found in the combining statements of net position and the combining statements of revenues, expenses, and changes in net position located in the supplementary information section of the financial statements.

IAIA Foundation. During FY10, IAIA formed a second component unit called the IAIA Foundation (Foundation) and is a separately incorporated non-profit entity created to support IAIA. A majority of the Foundation’s board members are independent of IAIA.

The IAIA Foundation is the “Discrete Component Unit” referred to throughout this document. The Foundation received its 501(c)(3) designation in September 2012 and began operating in October 2012.

Accounts receivable. IAIA has provided an allowance for doubtful accounts based on prior collection experience and current facts and circumstances to properly reflect the net realizable value of the various receivables. IAIA does not require collateral on receivables and has not experienced losses outside management's expectations. The majority of outstanding accounts receivable balances are associated with student receivables on unpaid tuition. Contractual terms determine when receivables are overdue.

Accrued liabilities. Accrued liabilities consist of accrued payroll, the associated payroll taxes, vacation pay accrued, and certain accrued benefits.

Capital assets. IAIA capitalizes property and equipment costing \$5,000 or more. Property, buildings, and equipment are stated at cost at date of acquisition or fair value at date of donation if donated. The permanent Museum collections are valued at cost at date of acquisition or fair value at the date of the gift. There is no capitalization threshold for Museum permanent collections.

Depreciation is provided using the straight-line method over the useful life of the related assets. The following useful lives have been used in determining depreciation and amortization.

Buildings and grounds improvements	10-39 years
Equipment, furniture, and vehicles	4-10 years
Museum building improvements	16 years
Library Books	10 years

Cash, cash equivalents, and investments. GASB Statement No. 40, *Deposit and Investment Risk Disclosures* requires IAIA to present the following risk disclosures for its cash, cash equivalents, and investments:

Custodial Credit Risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution or an investment company , a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Of the total bank balance, net of FDIC insurance, the custodial risk is \$30,937,767. Of the total investment balance at September 30, 2022, the custodial risk is as follows: First Citizen’s Bank and Trust is the custodian on \$26,233,241 and the New Mexico Community Foundation is the custodian on the remaining \$318,368.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit Risk. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The disclosure of the credit quality rating on any investments subject to credit risk is required. IAIA does not have a credit risk policy.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer is referred to as concentration of credit risk. The disclosure of any issuer with more than 5% of total investments is required. IAIA had no single issuer of any investments more than 5% of total investments.

Interest Rate Risk. This is the risk that interest rate changes will adversely affect the fair value of an investment. The disclosure of maturities for any investments subject to interest rate risk is required. IAIA does not have an interest rate risk policy. All investments at September 30, 2022 and 2021 are either in mutual funds or a unitized pool and are not subject to interest rate risk disclosure.

Foreign Currency Risk. This is the risk of changes in exchange rates that could adversely affect the fair value of an investment or a deposit. IAIA had no foreign investments or deposits for 2022 and 2021.

Under policies incorporated by the enabling legislation as amended, and implemented by the Board, IAIA may invest in certificates of deposit, money market funds, mutual funds, equities, or obligations of the United States. IAIA maintains its cash depository accounts with various financial institutions and brokerage firms in New Mexico. Interest bearing deposits at financial institutions are insured by the FDIC up to \$250,000 per financial institution. Balances in these accounts exceed the federally insured amount. IAIA has not experienced, and believes it is not exposed to, significant credit risk from these deposits. Custodial credit risk for IAIA's unrestricted cash at September 30, 2022 is detailed below:

Balance per bank	\$ 31,437,767
Reconciling items	(481,222)
Cash on hand	2,088
Unrestricted cash per financial statements	<u>\$ 30,958,633</u>
Balance per bank	\$ 31,437,767
FDIC Insurance	(500,000)
Uninsured and uncollateralized	<u>\$ 30,937,767</u>

Additionally, restricted cash is set aside in a savings account with First Citizens Bank as a loan reserve (see Note 6).

Donated assets. All donated assets are valued and recorded in the Foundation at fair value at the date of the gift. All donated capital assets, including gifts to the permanent Museum collection, are subsequently transferred from the Foundation to IAIA.

During the years ended September 30, 2022 and 2021, IAIA occupied a federally owned Museum office, display, and storage space located in downtown Santa Fe, New Mexico. The value of this donated space is recognized as donated revenue and auxiliary enterprise expense, and includes office storage, a gallery, and a retail shop. The estimated fair value of the donated space for the years ended September 30, 2022 and 2021 was \$460,100 each year and has been recorded in the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Services are recorded in the accounts of IAIA if they require specialized skills and are of a type the Institute usually has to pay for. Donated services have not been reflected in the accompanying financial statements as no services met the criteria for recognition.

Federal appropriation. During the year ended September 30, 2022, the U.S. Congress forward-funded IAIA \$7,377,000. This amount is expected to be used in its entirety to fund ongoing operations during the fiscal year ended September 30, 2022. During the year ended September 30, 2021, the U.S. Congress forward-funded IAIA \$8,079,000. This amount was used in its entirety during the fiscal year ended September 30, 2021. Revenue on all federal appropriations is recognized as unrestricted revenue upon availability of funds as there are no restrictions on the use of the funds. The total federal appropriations recognized during the years ended September 30, 2022 and 2021 were \$11,741,000 and \$10,772,000, respectively.

Inventory. Inventory consists of Museum shop and campus bookstore items held for resale. The inventory is valued at the lower of cost or market. Cost is determined using the average cost method.

Investments. IAIA reports its investments at fair value. The fair value of investments is based on quoted market prices, with the realized and unrealized gains, losses and investment income included in the statements of revenues, expenses, and changes in net position.

Net position. IAIA's net position is classified as follows:

Net investment in capital assets. Net investment in capital assets represent IAIA's total capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. Debt that has been incurred but not yet expended for capital assets is not included as a component of invested in capital assets, net of related debt.

Restricted net position, expendable. Restricted net position – expendable include resources which IAIA is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net position, non-expendable. Restricted net position, non-expendable consists of endowment and similar type assets for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net position. Unrestricted net position represents all other resources, including those derived from student tuition and fees, federal appropriations, and sales and services. These resources are used for transactions relating to the educational and general operations of IAIA and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Included in unrestricted net position are Board designated balances (quasi endowment) of \$10,098,025 and \$10,080,266 at September 30, 2022 and 2021, respectively. The Board may not preclude the use of funds for general purposes but may set aside funds for specific purposes in the absence of immediate need of funds.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net position is not restricted to donor specified purposes. When an incurred expense can be paid using either restricted or unrestricted funds, IAIA's policy is to first apply restricted resources, and then unrestricted available funds, to satisfy the obligation.

Revenues and expenses. Revenues are classified as generated by either operating or non-operating sources.

Operating revenue is provided by exchange transactions such as student tuition and fees, authorized receipts from government and private grants and contracts, sales and services from auxiliary enterprises and other miscellaneous operating receipts.

Non-operating revenues are funds received without requiring that IAIA provide specific goods or services. These revenues include federally appropriated funds, student financial aid, contributions from third parties and investment income.

Expenses incurred toward the categories described above are matched as either operating or non-operating in nature. Capital contributions received are classed as non-operating.

Unearned revenues. At September 30, 2022 and 2021, IAIA had deferred the recognition of certain revenues related to government and private grants for funding received in advance of the related cost expenditures. Additionally, IAIA deferred certain fall session revenues relating to periods after September 30, 2022 and 2021, respectively. Revenue is earned when all eligibility requirements are met, including timing restrictions, if any.

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

NOTE 3. ACCOUNTS RECEIVABLE

Receivables consist of receivables from funding sources, tuition, short-term moving allowances, and travel advances made to employees. A summary for the years ended September 30, 2022 and 2021 is as follows:

	2022	2021
Student receivables	\$ 1,151,071	\$ 896,000
Grants receivable	1,521,582	1,890,529
Other receivables	229,481	27,411
Employee advances and receivables	3,529	2,276
Total before allowances	2,905,663	2,816,216
Allowance for doubtful accounts - student	(318,599)	(270,188)
Allowance for doubtful accounts - other	(65,704)	(25,039)
Accounts receivable, net	\$ 2,521,360	\$ 2,520,989

NOTE 4. CAPITAL ASSETS

Capital assets for the years ended September 30, 2022 and 2021 are summarized below:

	Year ended September 30, 2022				
	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Depreciable capital assets					
Buildings and building improvements	\$ 64,709,470	\$ 376,977	\$ -	\$ 139,433	\$ 65,225,880
Furniture and fixtures	3,649,911	997,560	(21,176)	50,512	4,676,807
Museum building improvements	4,632,502	-	-	-	4,632,502
Grounds improvements	883,359	297,871	-	-	1,181,230
Library books	269,988	19,643	(27,872)	-	261,759
Vehicles	144,395	14,008	-	-	158,403
Total depreciable capital assets	74,289,625	1,706,059	(49,048)	189,945	76,136,581
Accumulated depreciation	(28,693,681)	(2,303,599)	49,048	-	(30,948,232)
Net depreciable capital assets	45,595,944	(597,540)	-	189,945	45,188,349
Non-depreciable capital assets					
Permanent museum collection	6,425,770	57,330	-	-	6,483,100
Land	1,400,001	-	-	-	1,400,001
Museum art park	229,578	-	-	-	229,578
Construction-in-progress	1,843,355	1,445,354	-	(189,945)	3,098,764
Total non-depreciable capital assets	9,898,704	1,502,684	-	(189,945)	11,211,443
Net capital assets	\$ 55,494,648	\$ 905,144	\$ -	\$ -	\$ 56,399,792

	Year ended September 30, 2021				
	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Depreciable capital assets					
Buildings and building improvements	\$ 63,605,446	\$ 526,015	\$ -	\$ 578,009	\$ 64,709,470
Furniture and fixtures	3,099,322	567,184	(16,595)	-	3,649,911
Museum building improvements	4,576,304	56,198	-	-	4,632,502
Grounds improvements	748,760	44,086	-	90,513	883,359
Library books	344,078	31,973	(28,412)	(77,651)	269,988
Vehicles	71,298	85,959	-	(12,862)	144,395
Total depreciable capital assets	72,445,208	1,311,415	(45,007)	578,009	74,289,625
Accumulated depreciation	(26,593,532)	(2,145,156)	45,007	-	(28,693,681)
Net depreciable capital assets	45,851,676	(833,741)	-	578,009	45,595,944
Non-depreciable capital assets					
Permanent museum collection	6,199,733	226,037	-	-	6,425,770
Land	1,400,001	-	-	-	1,400,001
Museum art park	229,578	-	-	-	229,578
Construction-in-progress	591,912	1,829,452	-	(578,009)	1,843,355
Total non-depreciable capital assets	8,421,224	2,055,489	-	(578,009)	9,898,704
Net capital assets	\$ 54,272,900	\$ 1,221,748	\$ -	\$ -	\$ 55,494,648

NOTE 4. CAPITAL ASSETS (CONTINUED)

In July 1991, IAIA received gifts of undeveloped land totaling a combined 139.93 acres in two plots of approximately 103.71 and 36.22 acres. The larger tract of land was restricted for construction of a campus with the smaller designated for the building of a center for research and cultural exchange. Construction of the campus was required to begin no later than five years after the date of the deed. The center of research and cultural exchange was required to be started no later than 10 years after the date of the deed. Unless the grantor consents in writing, both structures must be used for no other purpose other than that specified for 25 years after the date of the deed.

The initial donor requirements were met with the first phase of the campus complete and serving as the IAIA campus and cultural center. The land is reported in the financial statements at the estimated appraised fair market value of \$1,400,001 at the date of the gift. IAIA has custody and accountability of a federally-owned building located in downtown Santa Fe, New Mexico, housing the IAIA Museum and related activities. The building cost is not reflected in the financial statements as ownership remains with the federal entity.

However, extensive renovation to this building, including an art park and a re-roof, are reported as Museum building improvements and amortized over appropriate periods.

IAIA has a permanent Museum collection of Native American art and art objects. All collection items gifted to IAIA are valued at an estimated fair value at date of receipt. Purchased collection objects are valued at cost. Due to their inexhaustible nature, the permanent collections are not depreciated.

NOTE 5. INVESTMENTS

Investment balances, at fair value, at September 30, 2022 and 2021 are as follows:

	2022		2021	
	Amount	%	Amount	%
Equity mutual funds	\$ 15,107,345	56.90%	\$ 15,936,996	56.67%
Bond mutual funds	9,667,872	36.41%	10,073,530	35.82%
Other mutual funds	-	0.00%	-	0.00%
Money market mutual funds	1,458,023	5.49%	1,708,146	6.07%
Unitized assets - NM Community Foundation	318,369	1.20%	403,514	1.43%
Total	\$ 26,551,609	100.00%	\$ 28,122,186	100.00%
Current investments	\$ 9,109,511		\$ 11,009,534	
Non-current investments	17,442,098		17,112,652	
Total	\$ 26,551,609		\$ 28,122,186	

Fair Value Measurements. IAIA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

NOTE 5. INVESTMENTS (CONTINUED)

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis.

At September 30, 2022, IAIA's investments consisted of the following:

Investments by Fair Value Level	Total Amount	Observable Unadjusted Quoted Prices in an Active Market (Level 1)	Observable Inputs Other Than Quoted Prices (Level 2)	Unobservable Inputs Used to Determine Fair Value (Level 3)
Equity mutual funds	\$ 15,107,345	\$ 15,107,345	\$ -	\$ -
Bond mutual funds	9,667,872	9,667,872	-	-
Other mutual funds	-	-	-	-
Money market mutual funds	1,458,023	1,458,023	-	-
NM Community Foundation	318,369	-	-	318,369
Total	\$ 26,551,609	\$ 26,233,240	\$ -	\$ 318,369

At September 30, 2021, IAIA's investments consisted of the following:

Investments by Fair Value Level	Total Amount	Observable Unadjusted Quoted Prices in an Active Market (Level 1)	Observable Inputs Other Than Quoted Prices (Level 2)	Unobservable Inputs Used to Determine Fair Value (Level 3)
Equity mutual funds	\$ 15,936,996	\$ 15,936,996	\$ -	\$ -
Bond mutual funds	10,073,530	10,073,530	-	-
Other mutual funds	-	-	-	-
Money market mutual funds	1,708,146	1,708,146	-	-
NM Community Foundation	403,514	-	-	403,514
Total	\$ 28,122,186	\$ 27,718,672	\$ -	\$ 403,514

The components of investment income for the years ended September 30 are as follows:

	2022	2021
Interest	\$ 9,515	\$ 336
Dividends	479,797	287,673
Realized gain	919,445	1,360,247
Unrealized (loss) gain	(5,733,203)	871,697
Investment fees	(88,103)	(68,102)
Total investment (loss) income	\$ (4,412,549)	\$ 2,451,851

NOTE 6. LONG-TERM DEBT

NMFA Note

In April 2007, IAIA entered into a debt agreement with the New Mexico Finance Authority (NMFA) for \$7,901,342, at an interest rate of 4.085%, including administration fees. The proceeds were used for designing, developing and equipping the Center for Lifelong Education Residence Center (CLE) and renovating existing on-campus student housing. This note was paid off with the proceeds of the First Citizens Bank note (below).

Payment of principal and interest were due semiannually. Interest payments began on November 1, 2007. Principal payments began May 1, 2009 and was to end on May 1, 2037.

First Citizen's Bank (FCB) Note

On August 5, 2021, IAIA entered into a new refinance agreement with First Citizen's Bank (FCB) for \$5,083,384, at an interest rate of 3.350%, including administrative fees. The proceeds were used to pay off the remaining principal balance on the 2007 NMFA note.

Payment of principal and interest are due semiannually in 30 fixed payments of \$215,799. Principal and interest payments will begin on November 1, 2021 and will end on November 1, 2036.

Covenants and Provisions

IAIA is required to comply with certain covenants and provisions in connection with its outstanding long-term debt. At September 30, 2022 and 2021, IAIA complied with all required covenants.

For the NMFA note, IAIA had pledged all non-federal auxiliary revenues in support of the debt and had opened a separate investment account to hold these pledged revenues and any related interest earned. Any earnings from program account balances were restricted for the CLE project. The NMFA loan agreement reserve account was allocated \$474,092 at loan funding and had a balance of \$494,883 at September 30, 2020 (which is included in restricted cash in the Statement of Net Position). The entire account balance was transferred to NMFA's debt service account and applied to principal as part of the August 5, 2021 close-out of the loan.

For the FCB note, upon default, the lender may declare the entirety of any unpaid balance under this note to and all accrued unpaid interest to be immediately due, and IAIA is required to pay this amount. To the extent of applicable law, the lender reserves a right of setoff in all IAIA accounts with the lender. The lender is permitted to charge or set off all sums owed on the debt against all such accounts or has the option to administratively freeze all such accounts. IAIA established a savings account with FCB to act as a loan agreement reserve account, which has a balance of \$414,064 at September 30, 2022 (which is included in restricted cash in the Statement of Net Position). For the years ended September 30, 2022 and 2021, the activity of long-term debt was as follows:

NOTE 6. LONG-TERM DEBT (CONTINUED)

	Year ended September 30, 2022				
	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
NMFA Note	\$ -	\$ -	\$ -	\$ -	\$ -
FCB Note	5,083,384	-	(332,584)	4,750,800	271,625
Total notes payable	\$ 5,083,384	\$ -	\$ (332,584)	\$ 4,750,800	\$ 271,625

	Year ended September 30, 2021				
	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
NMFA Note	\$ 5,714,640	\$ -	\$ (5,714,640)	\$ -	\$ -
FCB Note	-	5,083,384	-	5,083,384	307,275
Total notes payable	\$ 5,714,640	\$ 5,083,384	\$ (5,714,640)	\$ 5,083,384	\$ 307,275

Future maturities of the note payable for the years ended September 30 are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 271,625	\$ 156,850	\$ 431,598
2024	284,029	147,568	431,598
2025	293,624	137,974	431,598
2026	303,543	128,055	431,598
2027	313,797	117,801	431,598
2028-2032	1,735,332	422,658	2,157,990
2033-2037	1,548,850	114,928	1,663,778
Totals	\$ 4,750,800	\$ 1,225,834	\$ 5,979,758

NOTE 7. FUNCTIONAL EXPENSE CLASSIFICATION - OPERATING EXPENSES

The National Association of College and University Business Officers (NACUBO) created the following classifications in order to standardize the reporting across Colleges and Universities. For the years ended September 30, 2022 and 2021, IAIA reports the following functional expenses:

	2022	2021
Instruction	\$ 3,288,061	\$ 3,041,966
Academic support	2,436,646	2,449,322
Student services	981,955	1,181,403
Institutional support	8,005,698	6,445,093
Scholarships and fellowships	2,514,391	2,165,964
Operation and maintenance	1,962,382	1,713,678
Depreciation	2,303,599	2,145,156
Auxiliary enterprise	1,819,470	1,585,459
Total functional expenses	\$ 23,312,202	\$ 20,728,041

NOTE 8. LINE OF CREDIT

IAIA has a line-of-credit agreement with a bank, accruing interest at 1.0% per annum above prime rate as published by the Wall Street Journal Prime Rate (7.25% at September 30, 2022), with a maximum availability of \$2,000,000. The line of credit is available through April 1, 2025. The line-of-credit had no balance outstanding at September 30, 2022 and 2021.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The amended memorandum of understanding regarding the gift of land valued at \$1,400,001 states that noncompliance with certain conditions could result in reversion of the land to the grantor. IAIA management believes it is in compliance with the specified conditions of the gift. As such, no contingency has been recorded in the accompanying financial statements.

Federal awards are subject to audit by the grantor agency. Grantees that have compliance exceptions upon audit may be subject to certain actions including recovery of funds. No such audits are outstanding at September 30, 2022.

NOTE 10. PENSION PLANS

IAIA has a defined contribution retirement plan (Plan) covering substantially all of the employees not covered by the federal plans previously described. The Plan, as generally defined in Section 403(b) of the Internal Revenue Code, provides for a discretionary percentage of annual compensation contribution for qualifying employees regardless of employee participation in the Plan. The Institute matches employee contribution's dollar-for-dollar up to 2% of the employee's salary. Employees can contribute up to the maximum allowable amount annually from their gross salary. Employees qualify for Plan participation after performing one hour of service for IAIA for three consecutive months or a cumulative one thousand service hours. Employees are fully vested after three months of service. For fiscal years ended September 30, 2022 and 2021, employer contributions under the Plan amounted to \$338,012 and \$355,949, respectively.

IAIA previously had a 457 Plan as its primary plan and remains as Trustee on the Plan. There are ongoing balances in this Plan reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position.

NOTE 11. ENDOWMENTS

IAIA's endowments consist of six individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net position associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. IAIA's Board of Trustees has interpreted UPMIFA to require the preservation of 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 policy, IAIA classifies as permanently restricted net position (a) the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, if applicable, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as expendable restricted net position until those amounts are appropriated for

NOTE 11. ENDOWMENTS (CONTINUED)

expenditure by IAIA in a manner consistent with a standard of prudence. IAIA considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds:

- The preservation of fund capital
- The purposes of donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of IAIA
- The investment and spending policy statement of IAIA
- The needs of IAIA to make distributions while preserving capital

Return Objectives and Risk Parameters. IAIA 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 preserve endowment assets. Endowment assets include those assets of donor-restricted funds that IAIA must hold in perpetuity, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to obtain a return on the investment funds that compares to appropriate market indices which ensures the preservation and growth of funds over the long-term.

Spending Policy. IAIA considers the amount available for spending each year as the lesser of the amount earned in the preceding fiscal year by the investment portfolio including realized and unrealized gains calculated on a pooling basis; or 3.5% of the average of the market value of the investment portfolio for the twelve quarters preceding the current fiscal year. Subject to the amounts available for spending, IAIA may expend amounts from endowments that have declined below fair value if such is deemed in accordance with the prudent man rule in order to provide benefits and uses from endowments assets to meet the purposes specified by donors.

Endowment Net Position composition by type of fund as of September 30, 2022:

	IAIA		Trust			Total
	Restricted Expendable	Restricted Nonexpend- able	Unrestricted Board Designated	Restricted Expendable	Restricted Nonexpend- able	
Donor-restricted endowment funds	\$ 112,567	\$ 300,000	\$ -	\$ 35,060	\$ 7,630,866	\$ 8,078,493
Board-designated endowment funds	-	-	10,098,925	-	-	10,098,925
Total funds	\$ 112,567	\$ 300,000	\$ 10,098,925	\$ 35,060	\$ 7,630,866	\$ 18,177,418
Endowment net position, beginning of year	\$ 121,662	\$ 300,000	\$ 10,080,266	\$ 827,055	\$ 5,687,294	\$ 17,016,277
Investment return (loss)	(67,033)	-	193,791	125,339	-	252,097
Net appreciation (realized and unrealized)	-	-	(1,967,901)	(1,307,318)	-	(3,275,219)
Contributions	72,380	-	2,015,862	474,436	1,943,572	4,506,250
Administrative fees	-	-	(31,482)	(19,938)	-	(51,420)
Endowment draw	(14,442)	-	(191,611)	(64,514)	-	(270,567)
Endowment net position, end of year	\$ 112,567	\$ 300,000	\$ 10,098,925	\$ 35,060	\$ 7,630,866	\$ 18,177,418

NOTE 11. ENDOWMENTS (CONTINUED)

Endowment Net Position composition by type of fund as of September 30, 2021:

	IAIA		Trust			Total
	Restricted Expendable	Restricted Nonexpend- able	Unrestricted Board Designated	Restricted Expendable	Restricted Nonexpend- able	
Donor-restricted endowment funds	\$ 121,662	\$ 300,000	\$ -	\$ 827,055	\$ 5,687,294	\$ 6,936,011
Board-designated endowment funds	-	-	10,080,266	-	-	10,080,266
Total funds	\$ 121,662	\$ 300,000	\$ 10,080,266	\$ 827,055	\$ 5,687,294	\$ 17,016,277
Endowment net position, beginning of year	\$ 66,252	\$ 300,000	\$ 5,218,330	\$ 317,406	\$ 2,943,025	\$ 8,845,013
Investment return	-	-	120,894	60,063	-	180,957
Net appreciation (realized and unrealized)	69,255	-	1,054,968	524,395	-	1,648,618
Contributions	-	-	3,834,521	-	2,744,269	6,578,790
Administrative fees	-	-	(24,845)	(12,863)	-	(37,708)
Endowment draw	(13,845)	-	(123,602)	(61,946)	-	(199,393)
Endowment net position, end of year	\$ 121,662	\$ 300,000	\$ 10,080,266	\$ 827,055	\$ 5,687,294	\$ 17,016,277



IAIA®

INSTITUTE OF
AMERICAN INDIAN ARTS

IAIA
LLOYD KIVA NEW
WELCOME CENTER

SUPPLEMENTARY INFORMATION



COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	IAIA	Blended Component Unit IAIA Trust	Eliminations	Total Reporting Entity
ASSETS				
Current assets				
Cash and cash equivalents	\$ 30,958,633	\$ -	\$ -	\$ 30,958,633
Accounts receivable, net	2,521,360	-	-	2,521,360
Investments	-	9,109,511	-	9,109,511
Due from IAIA Trust	594,432	-	(594,432)	-
Inventory, net	322,072	-	-	322,072
Prepays and other assets	232,135	-	-	232,135
Due from IAIA Foundation	10,873	962,162	-	973,035
Total current assets	34,639,505	10,071,673	(594,432)	44,116,746
Non-current assets				
Cash and cash equivalents - restricted	414,064	-	-	414,064
Investments	318,368	17,123,730	-	17,442,098
Capital assets, net	54,999,792	1,400,000	-	56,399,792
Total non-current assets	55,732,224	18,523,730	-	74,255,954
Total assets	90,371,729	28,595,403	(594,432)	118,372,700
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	1,971,794	-	-	1,971,794
Current installments of long-term debt	271,625	-	-	271,625
Unearned revenue	17,006,276	-	-	17,006,276
Due to IAIA	-	594,432	(594,432)	-
Total current liabilities	19,249,695	594,432	(594,432)	19,249,695
Long-term debt, less current portion	4,479,175	-	-	4,479,175
Total liabilities	23,728,870	594,432	(594,432)	23,728,870
NET POSITION				
Unrestricted				
Unrestricted	15,981,300	5,787,976	-	21,769,276
Unrestricted - board designated	-	10,098,925	-	10,098,925
Total unrestricted	15,981,300	15,886,901	-	31,868,201
Restricted				
General - expendable	-	3,048,144	-	3,048,144
Endowment - expendable	112,567	35,060	-	147,627
Endowment - nonexpendable	300,000	7,630,866	-	7,930,866
Total restricted	412,567	10,714,070	-	11,126,637
Net investment in capital assets	50,248,992	1,400,000	-	51,648,992
Total net position	\$ 66,642,859	\$ 28,000,971	\$ -	\$ 94,643,830

See Accompanying Notes.

COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	IAIA	Blended Component Unit IAIA Trust	Eliminations	Total Reporting Entity
ASSETS				
Current assets				
Cash and cash equivalents	\$ 27,239,590	\$ -	\$ -	\$ 27,239,590
Accounts receivable, net	2,520,989	-	-	2,520,989
Investments	-	11,009,534	-	11,009,534
Due from IAIA	616,858	-	(616,858)	-
Inventory, net	294,753	-	-	294,753
Prepays and other assets	264,309	-	-	264,309
Due from IAIA Foundation	-	433,279	-	433,279
Total current assets	30,936,499	11,442,813	(616,858)	41,762,454
Non-current assets				
Cash and cash equivalents - restricted	413,858	-	-	413,858
Investments	403,514	16,709,138	-	17,112,652
Capital assets, net	54,094,648	1,400,000	-	55,494,648
Total non-current assets	54,912,020	18,109,138	-	73,021,158
Total assets	85,848,519	29,551,951	(616,858)	114,783,612
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	2,318,954	-	-	2,318,954
Current installments of long-term debt	307,275	-	-	307,275
Unearned revenue	15,941,147	-	-	15,941,147
Due to IAIA Trust	-	616,858	(616,858)	-
Total current liabilities	18,567,376	616,858	(616,858)	18,567,376
Long-term debt, less current portion	4,750,809	-	-	4,750,809
Total liabilities	23,318,185	616,858	(616,858)	23,318,185
NET POSITION				
Unrestricted				
Unrestricted	13,072,108	7,881,913	-	20,954,021
Unrestricted - board designated	-	10,080,266	-	10,080,266
Total unrestricted	13,072,108	17,962,179	-	31,034,287
Restricted				
General - expendable	-	3,058,565	-	3,058,565
Endowment - expendable	121,662	827,055	-	948,717
Endowment - nonexpendable	300,000	5,687,294	-	5,987,294
Total restricted	421,662	9,572,914	-	9,994,576
Net investment in capital assets	49,036,564	1,400,000	-	50,436,564
Total net position	\$ 62,530,334	\$ 28,935,093	\$ -	\$ 91,465,427

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	IAIA	Blended Component Unit IAIA Trust	Eliminations	Total Reporting Entity
OPERATING REVENUES				
Student tuition and fees	\$ 2,098,494	\$ -	\$ -	\$ 2,098,494
Government grants and contracts	1,556,237	-	-	1,556,237
Private grants and contracts	3,436,868	-	-	3,436,868
Auxiliary enterprise revenues	1,966,086	-	-	1,966,086
Other operating income	284,150	-	-	284,150
Total operating revenues	9,341,835	-	-	9,341,835
OPERATING EXPENSES				
Educational and general	12,005,184	-	-	12,005,184
Private grants and contracts	6,624,578	-	-	6,624,578
Depreciation	2,303,599	-	-	2,303,599
Auxiliary enterprises	2,032,050	-	-	2,032,050
Government grants and contracts	-	-	-	-
Other operating expenses	-	346,791	-	346,791
Total operating expenses	22,965,411	346,791	-	23,312,202
Operating loss	(13,623,576)	(346,791)	-	(13,970,367)
NON-OPERATING REVENUES (EXPENSES)				
Federal appropriation	11,741,000	-	-	11,741,000
CARES Act grants	4,065,538	-	-	4,065,538
Pell grants	853,368	-	-	853,368
Other non-operating (exp) revenue, net	(336,568)	3,758,185	-	3,421,617
Interest on capital asset-related debt	(150,157)	-	-	(150,157)
Interest income	179,026	-	-	179,026
Investment loss	(67,033)	(4,345,516)	-	(4,412,549)
Total non-operating revenues (expenses)	16,285,174	(587,331)	-	15,697,843
CAPITAL GRANTS				
Federal and state grants	1,426,949	-	-	1,426,949
Private grants	23,978	-	-	23,978
Total capital grants	1,450,927	-	-	1,450,927
Change in net position before transfers	4,112,525	(934,122)	-	3,178,403
Transfers in (out)	-	-	-	-
Change in net position	4,112,525	(934,122)	-	3,178,403
Net position, beginning of year	62,530,334	28,935,093	-	91,465,427
Net position, end of year	\$ 66,642,859	\$ 28,000,971	\$ -	\$ 94,643,830

See Accompanying Notes.

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	IAIA	Blended Component Unit IAIA Trust	Eliminations	Total Reporting Entity
OPERATING REVENUES				
Student tuition and fees	\$ 1,851,604	\$ -	\$ -	\$ 1,851,604
Government grants and contracts	2,605,206	-	-	2,605,206
Private grants and contracts	3,018,487	-	-	3,018,487
Auxiliary enterprise revenues	1,158,830	-	-	1,158,830
Other operating income	141,831	-	-	141,831
Total operating revenues	8,775,958	-	-	8,775,958
OPERATING EXPENSES				
Educational and general	11,769,386	-	-	11,769,386
Private grants and contracts	4,905,607	-	-	4,905,607
Depreciation	2,145,156	-	-	2,145,156
Auxiliary enterprises	1,650,734	-	-	1,650,734
Government grants and contracts	-	-	-	-
Other operating expenses	-	257,158	-	257,158
Total operating expenses	20,470,883	257,158	-	20,728,041
Operating loss	(11,694,925)	(257,158)	-	(11,952,083)
NON-OPERATING REVENUES (EXPENSES)				
Federal appropriation	10,772,000	-	-	10,772,000
CARES Act grants	2,291,270	-	-	2,291,270
Pell grants	898,633	-	-	898,633
Other non-operating (exp) revenue, net	(283,957)	11,444,750	-	11,160,793
Interest on capital asset-related debt	(214,475)	-	-	(214,475)
Interest income	106,262	-	-	106,262
Investment income	69,254	2,382,597	-	2,451,851
Total non-operating revenues	13,638,987	13,827,347	-	27,466,334
CAPITAL GRANTS				
Federal and state grants	2,163,535	-	-	2,163,535
Private grants	16,164	-	-	16,164
Total capital grants	2,179,699	-	-	2,179,699
Change in net position before transfers	4,123,761	13,570,189	-	17,693,950
Transfers in (out)	(1,034,521)	1,034,521	-	-
Change in net position	3,089,240	14,604,710	-	17,693,950
Net position, beginning of year	59,441,094	14,330,383	-	73,771,477
Net position, end of year	\$ 62,530,334	\$ 28,935,093	\$ -	\$ 91,465,427

See Accompanying Notes.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2022

Federal Programs or Pass-Through Grantor/Assistance Listings Program Title	Listings Number	Federal Expenditures
U.S. Department of Interior, Bureau of Indian Education		
COVID-19: Indian Education Higher Education Grant	15.114	\$ 1,174,712
Total U.S. Department of Interior, Bureau of Indian Education		<u>1,174,712</u>
U.S. Department of Education		
Student Financial Assistance Cluster		
Federal Supplemental Educational Opportunity Grant	84.007	16,750
Federal Work-Study Program	84.033	22,803
Federal Pell Grant Program	84.063	836,618
Total Student Financial Assistance Cluster		<u>876,171</u>
Higher Education Institutional Aid		
Title III Part A	84.031T	586,130
Title III Part F	84.031D	1,015,067
Total Higher Education Institutional Aid		<u>1,601,197</u>
Educational Stabilization Fund		
COVID-19: Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	322,375
COVID-19: HEERF Institutional Portion	84.425F	740,667
COVID-19: HEERF Tribally Controlled Colleges and Universities (TCCUs)	84.425K	1,826,998
Total Educational Stabilization Fund		<u>2,890,040</u>
Total U.S. Department of Education		<u>5,367,408</u>
U.S. Department of Agriculture		
Tribal Colleges Endowment Program	10.222	137,576
Tribal Colleges Extension Programs	10.517	3,466
Agricultural Research Basic and Applied Research	10.001	10,000
Cooperative Extension Service	10.005	293,155
Tribal Colleges Education Equity Grants	10.221	126,858
Community Facilities Loans and Grants	10.766	191,096
Total U.S. Department of Agriculture		<u>762,151</u>
U.S. Department of Commerce		
COVID-19: Economic Adjustment Assistance	11.307	8,930
National Endowment for the Arts		
COVID-19: Promotion of the Arts Grants to Organizations and Individuals	45.024	34,348
National Endowment for the Humanities		
Promotion of the Humanities Public Programs	45.164	14,333
Total Expenditures of Federal Awards		<u>\$ 7,361,882</u>

See Notes to Schedule of Expenditures of Federal Awards.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2022**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal awards (the Schedule) includes the federal grant activity of IAIA under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of IAIA, it is not intended to and does not present the financial position, changes in net position, or cash flows of IAIA. All federal grants were direct awards from various federal government agencies.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. OTHER DISCLOSURES

IAIA did not receive any non-cash assistance, there was no insurance in effect during the year, there was no student loan activity during the year, and no federal loan guarantees outstanding at year end.

NOTE 4. INDIRECT COST RATE

IAIA has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 5. LOST REVENUE

In accordance with the guidance by the Office of Management and Budget (OMB), lost revenue in the amount of \$746,476 has been included in the total federal expenditure amount of \$740,667 for Assistance Listings Number 84.425F and \$1,826,998 for Assistance Listings Number 84.425K.

NOTE 6. SUBRECIPIENTS

IAIA did not have any expenditures with subrecipients





COMPLIANCE SECTION





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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Institute of American Indian and Alaska
Native Culture and Arts Development
Santa Fe, New Mexico

We have audited the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Institute of American Indian and Alaska Native Culture and Arts Development (IAIA) as of and for the year ended September 30, 2022, which collectively comprise IAIA's basic financial statements, and have issued our report thereon dated March 11, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the Institute of American Indian Arts Foundation (discretely presented component unit) were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Institute of American Indian Arts Foundation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

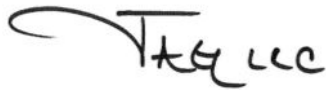
control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "JAG LLC", with a stylized flourish above the letters.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
March 11, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Institute of American Indian and Alaska
Native Culture and Arts Development
Santa Fe, New Mexico

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited the Institute of American Indian and Alaska Native Culture and Arts Development's (IAIA), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of IAIA's major federal programs for the year ended September 30, 2022. IAIA's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding IAIA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of IAIA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of IAIA's internal control over compliance. Accordingly, no such opinion is expressed.

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

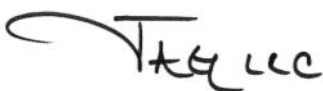
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
March 11, 2023

Summary Schedule of Prior Audit Findings

SEPTEMBER 30, 2022

FINANCIAL STATEMENT FINDINGS

None

FEDERAL FINDINGS

None



Schedule of Findings and Questioned Costs

SEPTEMBER 30, 2022

SECTION I: SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS:

1.	Type of auditor's report issued	Unmodified
2.	Internal Control over Financial Reporting	
a.	Material Weakness Identified?	No
b.	Significant Deficiencies not considered to be material weakness?	No
c.	Noncompliance Material to the financial statements noted?	No

FEDERAL AWARDS:

1.	Type of auditor's report issued	Unmodified
2.	Internal Control over Financial Reporting	
a.	Material Weakness Identified?	No
b.	Significant Deficiencies not considered to be material weakness?	No
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of each major program:

Assistance Listings Number

Assistance Listings Program Title

84.425

Education Stabilization Fund

15.114

Indian Education Higher Education Grant

Dollar threshold used to distinguish
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes

JARAMILLO ACCOUNTING GROUP LLC (JAG)

CERTIFIED PUBLIC ACCOUNTANTS

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