

**SITTING BULL COLLEGE
FORT YATES, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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SITTING BULL COLLEGE
OFFICIAL ROSTER - UNAUDITED
JUNE 30, 2018

BOARD OF TRUSTEES

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Dr. Laurel Vermillion	President
Dr. Koreen Ressler	Vice President of Operations

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Sitting Bull College
Fort Yates, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Sitting Bull College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Student Housing Limited Partnership, which is the component unit.

Management's Responsibility for 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit, Student Housing Limited Partnership. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, Student Housing Limited Partnership, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Student Housing Limited Partnership were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Sitting Bull College as of June 30, 2018, and the aggregate discretely presented component unit as of December 31, 2017, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sitting Bull College's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are presented for purposes of additional analysis, 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*, are

also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules, the schedule of expenditures of federal awards, and the related notes to the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, the schedule of expenditures of federal awards, and the related notes to the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Official Roster listed on page 1 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2019 on our consideration of Sitting Bull College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sitting Bull College's 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 Sitting Bull College's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

January 28, 2019

SITTING BULL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The discussion and analysis of Sitting Bull College's (the College) financial performance provides an overall review of the College's financial activities for the years ended June 30, 2018, with comparative data for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the College's financial performance as a whole. Readers should also review the basic financial statements and related notes to enhance their understanding of the College's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

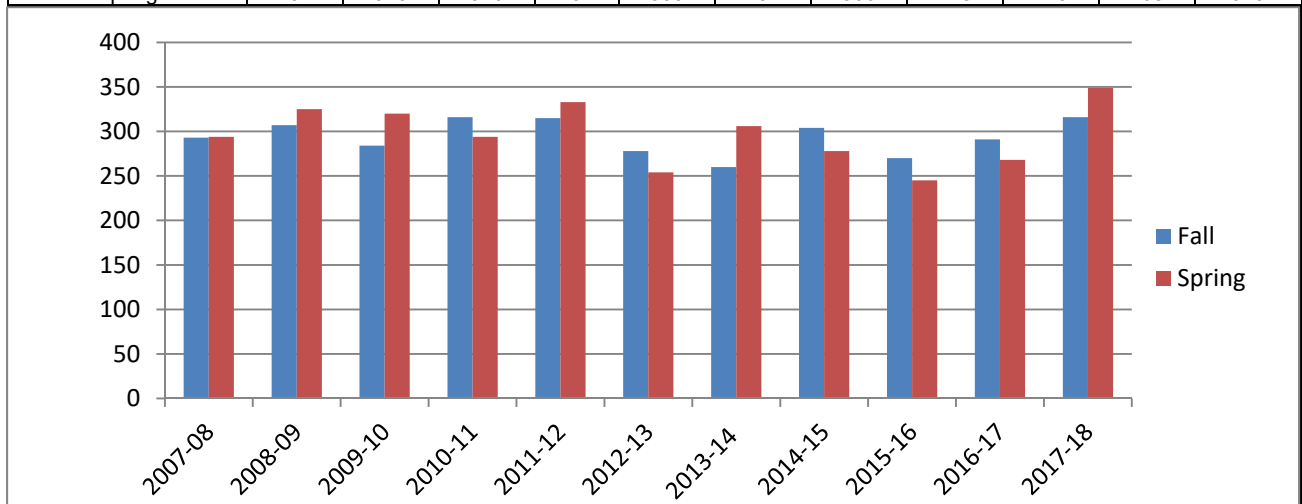
- Net position of the College decreased \$773,137 as a result of the current year's operations.
- Net position totaled \$23,687,228.
- Total revenue from all sources were \$11,745,439.
- Total expenses were \$12,518,576.

Student Enrollment

The fall 2017 and spring 2018 semester enrollment were above the ten year enrollment average for both fall and spring semesters. Official enrollment numbers are recorded at the end of the third week of each semester.

The demographics show that the majority of our students are female (67%), Native American (88%), single (87%), with an average age of 30. The 2017-2018 student demographic statistics remain consistent with past years.

Semester	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Fall	293	307	284	316	315	278	260	304	270	291	316
Spring	294	325	320	294	333	254	306	278	245	268	349



SITTING BULL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2018

As a means of increasing enrollment, SBC continues to maintain an enrollment management plan with specific outcomes for student recruitment. As part of the enrollment management plan, Sitting Bull College established the "Build Your Brighter Future Tuition Scholarship" and the "Build Your Brighter Future Dorm Scholarship". The scholarships were first awarded to the 2014 high school seniors and GED certificate completers. The students were required to enroll full-time at Sitting Bull College the first semester following their graduation to qualify for the \$1,800 tuition scholarship. A second scholarship ranging from \$600 up to \$1,800 was awarded to those students who passed at least 12 credits in the first term with a passing grade of "C" or higher in each course enrolled. A student with a 4.00 GPA would receive a second \$1,800 tuition scholarship.

The dorm scholarship is a \$500 payment on the student's rent during the first term if they are living in the SBC dormitories. An additional \$500 was awarded and paid on the next semester's rent if the student continued to live in the dormitories, passed 12 credits in the first term enrolled earning a minimum 2.00 GPA, and passed each course with a "C" or higher grade.

All GED and High School graduates are eligible if they enroll full-time the semester following their completion of their GED or High School graduation.

In the 2017-18 academic year, 44 students were eligible for funding from the Build Your Brighter Future Scholarship Program at a cost of \$108,675. Of the 44, there are 41 who are Native American students. The following calculations are based on these 41 students: Total of 799 credits – 33.29 ISC at \$7,825 = \$206,494 ISC funding. The College spent \$100,575 in scholarships so net profit is \$158,919 for the 2017-18 academic year.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand Sitting Bull College as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the whole College, presenting both an aggregate view of the College's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail, which are shown in the schedules after the notes to the financial statements.

Reporting the College as a Whole (Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position)

While this document contains the large number of funds used by the College to provide programs and activities, the view of the College as a whole looks at all financial transactions and asks the question, "How did the College do financially during the year ended June 30, 2018?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

SITTING BULL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2018

These two statements report the College's net position and changes in the net position. This change in net position is important because it tells the reader that, for the College as a whole, the financial position of the College has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the College's facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the College reports governmental activities. Business-type activities are the activities where most of the College's programs and services are reported including, but not limited to, instruction, support services, and operation and maintenance of property and equipment.

Financial Analysis of the College as a Whole

Recall that the Statement of Net Position provides the perspective of the College as a whole.

As indicated in the financial highlights, the College's net position decreased by \$773,137 for the year ended June 30, 2018, compared to a decrease of \$284,525 for the year ended June 30, 2017.

The College's net position of \$23,687,228 is segregated into three separate categories:

- 1) Net investments in capital assets represents 84% of the College's entire net position. It should be noted that these assets are not available for future spending.
- 2) Restricted net position represents 7% of the College's net position. Restricted net position represents resources that are subject to external restrictions on how they must be spent.
- 3) The remaining unrestricted net position represents 9% of the College's net position. The unrestricted net position is available to meet the College's ongoing obligations.

TABLE 1: NET POSITION

	2018	2017
ASSETS		
CURRENT ASSETS	\$ 3,425,904	\$ 3,701,772
CAPITAL ASSETS	19,977,199	20,765,127
NON-CURRENT ASSETS	1,489,588	1,474,588
TOTAL ASSETS	24,892,691	25,941,487
LIABILITIES		
CURRENT LIABILITIES	1,205,463	1,481,122
TOTAL LIABILITIES	1,205,463	1,481,122
NET POSITION		
NET INVESTMENTS IN CAPITAL ASSETS	19,977,199	20,765,127
RESTRICTED	1,616,240	1,613,001
UNRESTRICTED	2,093,789	2,082,237
TOTAL NET POSITION	\$ 23,687,228	\$ 24,460,365

SITTING BULL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2018

TABLE 2: CHANGE IN NET POSITION

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
FEDERAL	\$ 9,243,063	\$ 8,379,993
STATE	158,180	735,477
LOCAL/OTHER	<u>2,233,575</u>	<u>3,705,040</u>
TOTAL OPERATING REVENUES	<u>11,634,818</u>	<u>12,820,510</u>
OPERATING EXPENSES		
STUDENT AID	189,098	884,637
SALARIES	5,362,506	5,050,936
PAYROLL TAXES	441,731	443,320
EMPLOYEE BENEFITS	962,715	955,517
TRAVEL/TRAINING	452,107	485,060
SUPPLIES	755,889	912,664
REPAIRS AND MAINTENANCE	157,646	289,977
EQUIPMENT	544,331	514,729
OTHER OPERATING	2,234,263	2,280,747
DEPRECIATION	<u>1,418,290</u>	<u>1,490,008</u>
TOTAL OPERATING EXPENSES	<u>12,518,576</u>	<u>13,307,595</u>
OPERATING LOSS	<u>(883,758)</u>	<u>(487,085)</u>
NON-OPERATING REVENUES (EXPENSES)		
INVESTMENT INCOME	98,981	111,871
FEDERAL CAPITAL GRANTS	<u>11,640</u>	<u>90,689</u>
TOTAL NON-OPERATING REVENUES	<u>110,621</u>	<u>202,560</u>
CHANGE IN NET POSITION	(773,137)	(284,525)
NET POSITION AT BEGINNING OF YEAR	<u>24,460,365</u>	<u>24,744,890</u>
NET POSITION AT END OF YEAR	<u>\$ 23,687,228</u>	<u>\$ 24,460,365</u>

Total net position decreased due to the following item:

- The net decrease is due to using up reserves to cover current year expenses.

SITTING BULL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2018

Capital Assets

As of June 30, 2018, the College had \$19,977,199 invested in capital assets, net of depreciation.

TABLE 3 CAPITAL ASSETS, NET

	<u>2018</u>	<u>2017</u>
LAND	\$ 114,285	\$ 114,285
LAND IMPROVEMENTS	801,848	407,786
BUILDINGS & IMPROVEMENTS	18,046,354	18,909,883
EQUIPMENT	286,486	473,364
VEHICLES	<u>728,226</u>	<u>859,809</u>
 TOTAL	 <u>\$ 19,977,199</u>	 <u>\$ 20,765,127</u>

Additional analysis on the Sitting Bull College's capital assets can be found in Note 5 on page 20 of this report.

Contacting the College's Financial Management:

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. You may request a copy of this report or the component unit's (Sitting Bull Limited Partnership) separate audited financial statements by contacting Dr. Koreen Ressler, Vice President of Operations, Sitting Bull College, 9299 Highway 24, Fort Yates, ND 58538, or email at koreen.ressler@sittingbull.edu.

SITTING BULL COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT (12/31/2017)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 476,855	\$ 85,062
Accounts receivable, net	46,660	1,058
Certificates of deposit	500,000	-
Investments	406,511	-
Due from grantor agencies	1,738,846	-
Due from component unit	178,744	-
Due from primary government	-	11,560
Inventories	78,288	-
Prepaid expenses	-	4,591
Total current assets	<u>3,425,904</u>	<u>102,271</u>
Non-current assets:		
Investments restricted for endowment	1,153,430	-
Note receivable - component unit, net	336,158	-
Nondepreciable capital asset		
Land	114,285	14,500
Depreciable capital assets, net		
Land improvements	801,848	-
Buildings and improvements	18,046,354	1,143,413
Equipment	286,486	-
Vehicles	728,226	-
Total non-current assets	<u>21,466,787</u>	<u>1,157,913</u>
TOTAL ASSETS	<u>24,892,691</u>	<u>1,260,184</u>
LIABILITIES		
Current liabilities:		
Accounts payable	201,902	1,187
Accrued interest	-	750,934
Tenant security deposits	-	6,395
Unearned revenue	463,185	400
Accrued compensation and vacation	306,424	-
Accrued retirement	232,133	-
Due to student activities	1,819	-
Total current liabilities	<u>1,205,463</u>	<u>758,916</u>
Non-current liabilities:		
Long-term debt	-	336,158
Unamortized finance fees	-	(169)
Total non-current liabilities	<u>-</u>	<u>335,989</u>
TOTAL LIABILITIES	<u>1,205,463</u>	<u>1,094,905</u>
NET POSITION		
Net investments in capital assets	19,977,199	-
Restricted:		
Non-expendable endowments	1,153,430	
Expendable endowments		
Expendable for development, capital, or operating purposes	338,880	-
Expendable for stipends, visiting scholars, staff development, and technology	46,135	-
Expendable for maintenance	33,569	-
Expendable for scholarships	44,226	-
Unrestricted	<u>2,093,789</u>	<u>165,279</u>
TOTAL NET POSITION	<u>\$ 23,687,228</u>	<u>\$ 165,279</u>

See Notes to the Financial Statements

SITTING BULL COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	PRIMARY GOVERNMENT	COMPONENT UNIT
OPERATING REVENUES		
Federal	\$ 9,243,063	\$ -
State	158,180	-
Local / other	2,233,575	102,837
TOTAL OPERATING REVENUES	11,634,818	102,837
OPERATING EXPENSES		
Student aid	189,098	-
Salaries	5,362,506	10,574
Payroll taxes	441,731	-
Employee benefits	962,715	-
Travel and training	452,107	-
Supplies	755,889	-
Repairs and maintenance	157,646	30,579
Equipment	544,331	-
Other operating	2,234,263	134,730
Depreciation and amortization	1,418,290	43,015
TOTAL OPERATING EXPENSES	12,518,576	218,898
OPERATING INCOME (LOSS)	(883,758)	(116,061)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	98,981	69
Federal capital grants	11,640	-
TOTAL NON-OPERATING REVENUES	110,621	69
CHANGE IN NET POSITION	(773,137)	(115,992)
NET POSITION AT BEGINNING OF YEAR	24,460,365	281,271
NET POSITION AT END OF YEAR	\$ 23,687,228	\$ 165,279

See Notes to the Financial Statements

SITTING BULL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	PRIMARY GOVERNMENT	COMPONENT UNIT
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition, fees and other	\$ 3,170,745	\$ 74,192
Grants and contracts	9,288,377	-
Payments to suppliers	(4,305,673)	(79,955)
Payments to employees	(5,804,237)	(10,574)
Payments for benefits	(940,975)	-
Payments to students	(1,130,105)	-
	<u>278,132</u>	<u>(16,337)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	11,640	-
Purchase of capital assets	(630,362)	(4,898)
Advances to component unit	(66,892)	-
	<u>(685,614)</u>	<u>(4,898)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	98,981	78
Proceeds from sale of investments	69,076	-
Purchases of investments	(1,614,706)	-
Purchases of CDs	(500,000)	-
	<u>(1,946,649)</u>	<u>78</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	(2,354,131)	(21,157)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>2,830,986</u>	<u>106,219</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ 476,855</u>	<u>\$ 85,062</u>

See Notes to the Financial Statements

SITTING BULL COLLEGE
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	PRIMARY GOVERNMENT	COMPONENT UNIT
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
OPERATING INCOME (LOSS)	\$ (883,758)	\$ (116,061)
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation and amortization	1,418,290	43,015
EFFECT ON CASH FLOWS DUE TO CHANGES IN:		
Accounts receivable	(5,618)	993
Due from grantor agencies	23,226	-
Due (to) from component unit / primary government	-	(29,833)
Inventories	1,651	-
Prepaid expenses	-	208
Accounts payable	(163,088)	737
Accrued interest	-	84,009
Tenant security deposits	-	195
Unearned revenue	(136,092)	400
Due to student activities	1,781	-
Accrued compensation and vacation	(15,363)	-
Accrued retirement	37,103	-
	<u>\$ 278,132</u>	<u>\$ (16,337)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		

See Notes to the Financial Statements

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sitting Bull College's (the College) structure consists of a Board of Trustees, the office of the President, and the finance office. The Board of Trustees is the policy making body of the College. The officials mentioned above are responsible for overseeing the College's business affairs through the finance department.

The accompanying financial statements reflect the financial position and activities resulting from funds, which are received, disbursed, or in the custody of the College, as well as those resulting from programs financed with local funds over which the College exercises fiscal and administrative control.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America applicable to governmental units. The following is a summary of the College's significant policies:

Reporting Entity

For financial reporting purposes, the College's financial statements should include all component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the College.

The component unit discussed below is included in the College's reporting entity because of the significance of their operational or financial relationships with the College. The discretely presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the College. The discretely presented component unit has a December 31, 2017 year-end.

Discretely Presented Component Unit

Student Housing Limited Partnership – the Partnership is a limited partnership, which owns and operates 18 single-family residential homes located in Fort Yates, North Dakota. The homes are leased to low-income tenants. The Partnership is 0.01% owned by Sitting Bull College.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and Cash Equivalents

The College considers cash equivalents to be temporary investments which are readily convertible to cash, such as certificates of deposit, commercial paper and treasury bills with an original maturity of less than three months when purchased.

Investments

Investments are recorded at fair value. All investment income, including changes in the fair value of investments, is reported as revenue in the operating statements.

Receivables

Receivables are recorded on an accrual basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balances is outstanding for more than 30 days. An allowance of \$2,613,048 for doubtful accounts is made for tuition and fees deemed uncollectible as of June 30, 2018.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

Capital Assets

Capital assets are stated at cost at the date of acquisition or acquisition value at the date of donation. For equipment, the College's capitalization policy includes all items with a value of \$5,000 or more. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land Improvements	5 - 40 Years
Buildings and Improvements	20 - 40 Years
Equipment	5 - 20 Years
Vehicles	5 - 10 Years

Net Position

Net position represents the difference between assets and liabilities. Sometimes the government will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

applied. It is the College's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Resources are classified in one of the following net position categories:

Net investments in capital assets – this represents the College's total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position, expendable – this represents net position whose use by the College is subject to externally imposed stipulations as to the use of the associated assets.

Restricted net position, nonexpendable – this represents net position subject to externally imposed stipulations that the College maintain those assets permanently.

Unrestricted net position – this represents net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accrued Compensation and Vacation

Full time employees accrue four to eight hours of annual leave each pay period depending on the employee's length of employment and can carry over forty-eight to one hundred and sixty hours depending on the employee's length of employment. Temporary and part time employees are not eligible for annual leave. Full time faculty will accrue forty to eighty hours of personal leave per contract period. However, this personal leave cannot be carried over from one fiscal year to the next. All full-time and full-time faculty employees accrue four hours of sick leave each pay period. Employees can carry over up to four hundred and eighty hours of sick leave. Employees are not paid for any unused sick leave upon termination.

Classification of Revenues

The College's revenues have been classified in the financial statements as either operating or non-operating according to the following criteria.

Operating revenues are derived from activities associated with providing goods and services for instruction, research, public service, or related support to entities separate from the College and that are exchange transactions. Examples include: student tuition and fees, grants, and contracts.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

Non-operating revenues include all revenues that do not meet the definitions of operating revenues or endowment additions. They are primarily derived from activities that are non-exchange transactions (e.g., gifts); and from activities defined as such by GASB Statement No. 9 (e.g., investment income).

NOTE 2 CASH AND CASH EQUIVALENTS

At June 30, 2018, cash and cash equivalents consisted of the following:

Business-type Activities:

Cash in banks	\$ 420,556
Money market investments	56,299
Total cash and cash equivalents	<u>\$ 476,855</u>

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository institution's failure the College would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The College does not have a formal policy regarding custodial credit risk.

The College maintains cash and a certificate of deposit at a financial institution. At June 30, 2018, the carrying amount of the College's bank deposits was \$920,556 and the bank balance was \$1,179,947. This difference results from checks outstanding or deposits not yet processed. These amounts on deposit are insured by the FDIC up to \$250,000. At June 30, 2018, the College had \$929,947 in excess of the FDIC limit on deposits, which was collateralized by securities held in the name of the College.

At June 30, 2018, the College had \$56,299 of money market investments held in various institutions through an investment brokerage. These amounts on deposit are insured by the FDIC up to \$250,000. At June 30, 2018, the College was not subject to any credit risk regarding these funds.

NOTE 3 INVESTMENTS

The College invests in government securities and mutual funds.

Interest Rate Risk

Interest rate risk is the risk that a change in the interest rate of a debt security will adversely affect the fair value of that investment. The price of a debt security typically moves in the opposite direction of the change in the interest rate. The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

The following table shows the investments by investment type and maturity at June 30, 2018.

<u>Investment Type</u>	<u>Total Market Value</u>	<u>Less Than 1 Year</u>	<u>1 - 6 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>
Government mortgage-backed	\$ 895,591	\$ -	\$ 696,584	\$ 199,007	\$ -
Investments not subject to categorization:					
Mutual funds	664,350				
Total investments	<u>\$ 1,559,941</u>				

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's general investment policy is to apply the investor rule: Investments are made as an investor would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The following represents the College's ratings as of June 30, 2018.

<u>S & P Credit Rating</u>	<u>Total Market Value</u>	<u>Government Bonds</u>
AA+	\$ 895,591	\$ 895,591
Total credit risk debt securities	895,591	<u>895,591</u>
Investments not subject to categorization:		
Mutual funds	664,350	
Total investments	<u>\$ 1,559,941</u>	

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following table below presents the balances of assets, deferred outflow of resources, and deferred inflow of resources measured at fair value on a recurring basis at June 30, 2018.

	Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
ASSETS				
Government mortgage-backed	\$ 895,591	\$ -	\$ 895,591	\$ -
Mutual funds	664,350	664,350	-	-
	<u>\$ 1,559,941</u>	<u>\$ 664,350</u>	<u>\$ 895,591</u>	<u>\$ -</u>

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018.

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 114,285	\$ -	\$ -	\$ 114,285
Capital assets being depreciated:				
Land improvements	490,173	451,332	-	941,505
Buildings & improvements	27,661,330	-	-	27,661,330
Equipment	2,266,554	45,943	-	2,312,497
Vehicles	2,049,160	133,087	-	2,182,247
Total capital assets being depreciated	<u>32,467,217</u>	<u>630,362</u>	<u>-</u>	<u>33,097,579</u>
Less accumulated depreciation for:				
Land improvements	82,387	57,270	-	139,657
Buildings & improvements	8,751,447	863,529	-	9,614,976
Equipment	1,793,190	232,821	-	2,026,011
Vehicles	1,189,351	264,670	-	1,454,021
Total accumulated depreciation	<u>11,816,375</u>	<u>1,418,290</u>	<u>-</u>	<u>13,234,665</u>
Total capital assets being depreciated, net	<u>20,650,842</u>	<u>(787,928)</u>	<u>-</u>	<u>19,862,914</u>
Total capital assets, net	<u>\$ 20,765,127</u>	<u>\$ (787,928)</u>	<u>\$ -</u>	<u>\$ 19,977,199</u>

NOTE 6 DUE FROM GRANTOR AGENCIES/UNEARNED REVENUE

Various reimbursement procedures and fiscal years are used for restricted awards received by the College. Consequently, timing differences between expenses and program reimbursements can exist at any time during the fiscal year. Due from grantor agencies balances at fiscal year-end represent an excess of accrual basis expenses over cash reimbursement received to date. Conversely, unearned revenue represents an excess of cash reimbursements (advances) over accrual basis expenses. Generally, accrued or deferred balances caused by differences in the timing of cash reimbursement and expenses will be reversed in the remaining grant period.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

The following is a listing of amounts owed from grantor agencies and unearned revenue as of June 30, 2018.

Fund	Due From Grantor Agencies	Unearned Revenue
010 Student Stipend	\$ -	\$ 10,600
102 PELL	27,924	-
103 SEOG	980	-
104 Work Study	3,702	-
105 Internship Program	-	6,257
106 Emergency Aid	-	6,854
112 Title III Part A	52,315	-
113 Title III Part F	72,622	-
122 Student Support Trio	30,785	-
132 TNA	30,347	-
139 Federal Vocational Education	32,178	-
146 Language Immersion	93,376	-
151 Lak/Dak Language Project	14,233	-
152 Empower Y/V	23,064	-
153 Lakota Language	69,367	-
154 NEH	-	17,233
155 First Nations	-	27,957
201 Adult Basic Education	-	31,445
206 AG Equity	62,480	-
207 USGS/DOI	44,703	-
208 AIHEC Climate Change	-	108
212 Capital Campaign Fund	-	8,591
215 AICF Building Sustainable Pathways	-	96
306 NA Traditional Art	-	10,552
307 Embry Scholarship	-	316
308 NARCH	38,533	-
309 SD Healing Project	-	8,261
311 Vocational Rehab	145,566	-
314 Indian Housing Assistance	-	250
323 Land Grant Funds	9,509	-
324 USDA CARE	59,076	-
332 Renewable Building Materials	2,589	-
333 Health Status	33,899	-
334 Advanced STEM	15,958	-
401 State Vocational Education	151,507	-
404 Toyota STEM	-	15,000
411 Transport North Dakota	83,086	-
413 Transport South Dakota	27,024	-
418 Federal Transit 2	276,648	-
500 Misc Grants	61,497	-
505 TCU - ROI	-	17,281
520 SBC Laboratories	-	24,117
529 Youth Outreach	-	7,991
530 Business Incubator	-	-
531 Credit Counseling	-	5,000
532 Financial Assistance	-	32,776
533 AICF - Arts	-	2,820
551 ND Housing Agency	-	9,237
600 Misc. Category	61,144	3,417
601 Scholarship Fund	-	217,026
610 CSN/AMERICORP	23,917	-
637 TCUP 2	118,465	-
646 PEEC 2	52,001	-
671 TREND 2	20,351	-
	<u>\$ 1,738,846</u>	<u>\$ 463,185</u>

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 7 TRANSACTIONS WITH COMPONENT UNIT

The College has a first mortgage in the Student Housing Limited Partnership in the amount of \$336,158. The interest rate is 8.375% with \$796,230 of interest accrued as of June 30, 2018. Management considers the accrued interest to be uncollectible, and therefore an allowance for doubtful accounts on the notes receivable of \$796,230 has been accrued as of June 30, 2018.

At June 30, 2018, the College had a due from component unit for \$178,744. At December 31, 2017, the component unit had a due from primary government, or the College, for \$11,560. The difference of \$190,304 results from additional transfers between the College and the component unit between December 31, 2017 and June 30, 2018.

NOTE 8 CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the College expects such amounts, if any, to be immaterial.

NOTE 9 LEASE COMMITMENTS

The College leases pasture land for its research programs and office equipment under operating leases. The leases expire between 2019 and 2022. The total rent expense for the year ending June 30, 2018 was \$39,999. Minimum annual rental payments for the remainder of these leases are as follows:

2019	\$ 38,909
2020	22,344
2021	16,808
2022	7,643

NOTE 10 RETIREMENT PLAN

The College has established a defined contribution IRS Code Section 401(k) retirement plan for its employees. The College contributes five percent of each participating employees' salary to a self-directed annuity. The College's payroll for employees covered by the Plan for the year ended June 30, 2018 was \$4,820,288 and the College's total payroll was \$5,362,506. The total cost of the contributions for the fiscal year ended June 30, 2018 was \$232,133 from the College. The fund sponsors hold the Plan's investments.

NOTE 11 INDIRECT COSTS

Indirect costs of \$523,256 have been paid by various funds and agencies. These costs have been eliminated on the Statement of Revenues, Expenses, and Changes in Net Position. See pages 44 through 57 for the Combining Schedule of Revenues, Expenses, and Changes in Net Position.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 12 ECONOMIC DEPENDENCIES AND CONCENTRATIONS

The College receives a significant amount of its operating revenues from various grants funded by the U.S. Government. As of June 30, 2018, the College's receivables consists of amounts due primarily from Federal grantor agencies.

NOTE 13 RISK MANAGEMENT

In the normal course of business the College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the College carries commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 14 ENDOWMENTS

Endowments received with donor restrictions are classified as restricted net position on the Statement of Net Position. The State of North Dakota enacted UPMIFA (Uniform Prudent Management of Institutional Funds Act) effective April 22, 2009, the provisions of which apply to endowment funds existing on or established after that date, which is followed by the College.

Spending Policy

The College has no formal spending policy for endowment funds. It is the College's intention to accumulate earnings on endowment funds for future expenses to be determined by the Board of Trustees at a later date.

Net appreciation on investments is available for expenditure and costs of the following at June 30, 2018:

		<u>Reflected in net position as:</u>
Endowment Trust	\$ 88,155	Restricted - Expendable for development, capital, or operating purposes
Endowment Matching	250,725	Restricted - Expendable for development, capital, or operating purposes
Title III Endowment	46,135	Restricted - Expendable for stipends, visiting scholars, staff development, and technology
Maintenance Endowment	33,569	Restricted - Expendable for maintenance
Scholarship Endowment	44,226	Restricted - Expendable for scholarships
	<u>\$ 462,810</u>	

NOTE 15 FUTURE PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Management has not yet determined the effect these Statements will have on the College's financial statements.

NOTE 16 COMPONENT UNIT NOTES

1. ORGANIZATION

Sitting Bull College Limited Partnership #1 (the Partnership) is a limited partnership formed on July 22, 2002 in accordance with the provisions of the North Dakota Uniform Limited Partnership Act.

The Partnership was formed for the purpose of providing low-income housing utilizing the housing tax credit program. The housing tax credit program places restrictions on rental rates and requires tenants to qualify for occupancy based on income levels. In order to avoid recapture, the Partnership must remain in compliance with various regulations through December 31, 2019, the end of the tax credit compliance period.

The Project consists of eighteen single-family rental homes located in Fort Yates, North Dakota. Construction of the homes was completed in October 2004.

Income, losses and tax credits from operations are allocated 99.99% to the Limited Partner and .01% to the General Partner. A detailed description of the allocations can be found in the partnership agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Partnership are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on deposit, excluding separate reserve accounts – see note 9.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment - Property and equipment are carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs are charged to expense as incurred; significant renewals or betterments are capitalized. The Partnership capitalizes property acquisitions if each individual item exceeds \$1,000.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360 - ASC 360 addresses accounting for the impairment or disposal of long-lived assets. In accordance with ASC 360, the Partnership reviews its long-lived assets to determine any potential impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Partnership would recognize an impairment loss if an asset's carrying value exceeded its fair value. To date, management has determined that there is no impairment of long-lived assets.

Construction and Development Costs – Sitting Bull College Limited Partnership #1 has capitalized construction and development costs associated with the development of the project in accordance with the requirements of FASB ASC 970. In addition, interest costs directly related to, and incurred during, the project's construction period are capitalized.

Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) 740 - ASC 740 addresses financial accounting and reporting for the effects of income taxes that result from an entity's activities during the current and preceding years. The Partnership is not a taxpaying entity, thus, no provision for income taxes has been recorded in the financial statements. All tax effects of the partnership are passed through to the Partners. Sitting Bull College Limited Partnership #1 files income tax returns in the United States federal jurisdiction and in the North Dakota state jurisdiction. Federal tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later. The state tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later. The Partnership recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. As of December 31, 2017, the Partnership has recognized interest and penalties in the amount of \$0. The Partnership had no accruals for interest and penalties as of December 31, 2017.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

Finance Fees - Finance fees are amortized over the term of the related debt using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize finance fees; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

Tax Credit Fees - Tax credit fees are amortized over ten years using the straight-line method.

Rental Income - Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Accounts Receivable (Tenants) - Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Tenant payments received during the year are allocated to the oldest unpaid charge or the charge specified in the payment remittance. Management individually reviews each tenant's balance where all or portion of the balance exceeds 90 days from the charge date. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, management estimate the portion, if any, of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 19, 2018, the date on which the financial statements were available to be issued. On January 2, 2018, one of the Partnership units (E-2) was significantly damaged when a pipe froze and burst, an insurance claim is in the process of being filed.

4. PROPERTY AND EQUIPMENT

Property and equipment (before accumulated depreciation) consists of the following:

	2017	Depreciation lives years
	<u> </u>	<u> </u>
Land Leasehold Improvements	\$ 14,500	-
Site Improvements	6,699	15
Buildings	1,677,065	40
Furnishings & Equipment	28,096	5
	<u>\$ 1,726,360</u>	

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

5. LONG-TERM DEBT

Long-term debt consists of the following:

	2017	
	Principal	Unamortized Finance Fees
First mortgage - in the original amount of \$336,158, with an interest rate of 8.375% compounded annually. Interest to be paid annually on April 30, to the extent of net cash flow of the previous year. Principal and interest are due on or before June 1, 2033. Secured by the Project.	\$ 336,158	\$ 180
	\$ 336,158	\$ 180

Maturities of long-term debt are as follows:

2018 - 2021	\$ -
Thereafter	336,158
	\$ 336,158

While the debt agreements provide for entire payment of principal and interest on maturity date of the note, the entire outstanding balance plus accrued interest will be immediately due and payable upon the occurrence of any one of the following events:

- transfer or sale of the Project without the lender's approval,
- termination of the use of the Project as low-income housing,
- use of the Project which violates any federal, state or local law, statute or ordinance,
- default under any of the loan agreements.

Interest expense has been recorded using the stated rate of the mortgage note. This mortgage has a stated interest rate, which is less than the prevailing market rate. Interest on this mortgage note has not been imputed because the rate is at the lender's or governmental agency's customary lending rate.

6. TRANSACTIONS WITH AFFILIATES

The General Partner is Sitting Bull College (SBC). The Limited Partner is the Native American Housing Fund II Limited Partnership (NAHF).

The mortgage on the property is due to SBC.

The Partnership has entered into a property management agreement with SBC for services rendered in connection with the leasing and operation of the Project. The Partnership will pay property management fees, as set in the budget, not to exceed \$7,500 and an administrative overhead fee as set in the annual budget, not to exceed \$7,500. At December 31, 2017 the Partnership owed \$0 for property management fees. No administrative overhead fees were charged or are owed as of December 31, 2017.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

During the course of operations, the General Partner advanced funds or paid for services on behalf of the Partnership. At December 31, 2017 the Partnership owed \$0 for these operating advances.

As part of the partnership agreement, the Partnership has agreed to pay an asset management fee to Raymond James Tax Credit Funds (RJTCF), an affiliate of the Limited Partner, for certain administration services with respect to the business of the Partnership. The annual asset management fee is \$4,000, increasing by 4% each year after 2003. The Partnership owed RJTCF \$0 for asset management fees on December 31, 2017.

7. HOUSING ASSISTANCE

The Sitting Bull College has agreed to provide a monthly subsidy to the Partnership. The subsidy is up to \$650 per house per month for each house occupied by a member of the Standing Rock Sioux Tribe whose income is 60% or less of area median income at the time that the lease for the house is signed. As of December 31, 2017, subsidy income of \$27,300 was recorded. As of December 31, 2017, the Sitting Bull College owed the Partnership \$11,560.

8. LAND

The General Partner leases the land for the site from the Standing Rock Sioux Tribe (Tribe). The Tribe is the beneficiary owner of the land located within the Standing Rock Sioux Reservation.

The Partnership has entered into a sub-lease with the General Partner for the land on which the Project is located (Land Lease). The Land Lease has an initial term of 65 years. The Land Lease gives the Partnership the exclusive right to possession of the Land for up to 65 years. At the end of the term the Partnership may remove the houses from the Land. There are no annual payments due from the Partnership as part of the Land Lease.

9. RESERVES

The Partnership Agreement requires a replacement reserve and a security deposits reserve. These reserves are required to be held in separate accounts from the general checking account. The replacement reserve has an annual required deposit of \$5,400. No more than \$5,000 per year may be withdrawn from the replacement reserve without the written consent of the Limited Partner. As of December 31, 2017 the replacement reserve was adequately funded.

10. PROPERTY PURCHASE OPTION

The Partnership has granted Sitting Bull College an option to purchase Partnership property at the end of the low-income housing tax credit compliance period at a price which would facilitate the purchase while protecting the Partnership's tax benefits from the Project. Such an option is based on the General Partner maintaining the low-income occupancy of the Project and is in a form satisfactory to legal and accounting counsel.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

11. TAXABLE INCOME (LOSS)

The financial statements of the Partnership and the Partnership tax returns are prepared on the accrual basis. The following is reconciliation between net income (loss) as reported and Partnership income (loss) for tax purposes:

	<u>2017</u>
Net loss per financial statements	\$ (115,992)
Tax depreciation and amortization less than (in excess of) book	(14,022)
Bad debts	<u>(1)</u>
Net loss per tax return	<u><u>\$ (130,015)</u></u>

NOTE 17 SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 28, 2019, which is the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2018

	(001) GENERAL FUND	(010) STUDENT STIPEND	(020) STUDENT ACTIVITIES	(075) USDA	(101) DEPARTMENT OF ED CONTROL	(102) PELL
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 259,185	\$ 55,724	\$ -	\$ -	\$ 103,522	\$ -
Accounts receivable, net	8,280	-	-	-	-	-
Certificates of deposit	500,000	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	1,003,177	(45,124)	1,819	-	(103,522)	(27,924)
Due from grantor agencies	-	-	-	-	-	27,924
Due from (to) component unit	178,744	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>1,949,386</u>	<u>10,600</u>	<u>1,819</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>1,949,386</u>	<u>10,600</u>	<u>1,819</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	200,175	-	-	-	-	-
Unearned revenue	-	10,600	-	-	-	-
Accrued compensation and vacation	306,217	-	-	-	-	-
Accrued retirement	232,133	-	-	-	-	-
Due to student activities	-	-	1,819	-	-	-
TOTAL CURRENT LIABILITIES	<u>738,525</u>	<u>10,600</u>	<u>1,819</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ 1,210,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(103) SEOG	(104) WORK STUDY	(105) INTERNSHIP PROGRAM	(106) EMERGENCY AID	(112) TITLE III PART A	(113) TITLE III PART F
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(980)	(3,702)	6,257	6,854	(52,315)	(72,622)
Due from grantor agencies	980	3,702	-	-	52,315	72,622
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>6,257</u>	<u>6,854</u>	<u>-</u>	<u>-</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>6,257</u>	<u>6,854</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	6,257	6,854	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>6,257</u>	<u>6,854</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(122) STUDENT SUPPORT (TRIO)	(132) TNA	(139) FEDERAL VOCATIONAL EDUCATION	(146) LANGUAGE IMMERSION	(149) RESTORATIVE TEACHING	(150) BOOKSTORE
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	6,189
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(30,785)	(30,347)	(32,178)	(93,376)	-	126,947
Due from grantor agencies	30,785	30,347	32,178	93,376	-	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	78,288
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,424</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,424</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,424</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(151) LAK/DAK LANGUAGE PROJECT	(152) EMPOWER Y/V	(153) LAKOTA LANGUAGE	(154) NEH	(155) FIRST NATIONS	(201) ADULT BASIC EDUCATION
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(14,233)	(23,064)	(69,367)	17,233	27,957	31,445
Due from grantor agencies	14,233	23,064	69,367	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,233</u>	<u>27,957</u>	<u>31,445</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,233</u>	<u>27,957</u>	<u>31,445</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	17,233	27,957	31,445
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,233</u>	<u>27,957</u>	<u>31,445</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(206) AG EQUITY	(207) USGS/DOI	(208) AIHEC CLIMATE CHANGE	(209) STEAM	(210) LIMITED PARTNERSHIP	(211) ENDOWMENT TRUST FUNDS
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,516
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	364,068
Due from (to) other funds	(62,480)	(44,703)	108	2	-	204,322
Due from grantor agencies	62,480	44,703	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>108</u>	<u>2</u>	<u>-</u>	<u>622,906</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	978,041
Note receivable - component unit, net	-	-	-	-	336,158	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,158</u>	<u>978,041</u>
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>108</u>	<u>2</u>	<u>336,158</u>	<u>1,600,947</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	2	-	-
Unearned revenue	-	-	108	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>108</u>	<u>2</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,158</u>	<u>\$ 1,600,947</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(212) CAPITAL CAMPAIGN	(215) AICF BUILDING SUSTAINABLE PATHWAYS	(306) NA TRADITIONAL ART	(307) EMBRY SCHOLARSHIP	(308) NARCH	(309) SD HEALING PROJECT
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	170,719	96	10,552	316	(38,533)	8,261
Due from grantor agencies	-	-	-	-	38,533	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>170,719</u>	<u>96</u>	<u>10,552</u>	<u>316</u>	<u>-</u>	<u>8,261</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>170,719</u>	<u>96</u>	<u>10,552</u>	<u>316</u>	<u>-</u>	<u>8,261</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	8,591	96	10,552	316	-	8,261
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>8,591</u>	<u>96</u>	<u>10,552</u>	<u>316</u>	<u>-</u>	<u>8,261</u>
NET POSITION	<u>\$ 162,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(311) VOCATIONAL REHAB	(314) INDIAN HOUSING ASSISTANCE	(323) LAND GRANT FUNDS	(324) USDA CARE	(332) RENEWABLE BUILDING MATERIALS	(333) HEALTH STATUS
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(145,566)	250	(9,509)	(59,076)	(2,589)	(33,899)
Due from grantor agencies	145,566	-	9,509	59,076	2,589	33,899
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	250	-	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(334) ADVANCED STEM	(401) STATE VOCATIONAL EDUCATION	(404) TOYOTA STEM	(411) TRANSPORT NORTH DAKOTA	(413) TRANSPORT SOUTH DAKOTA	(414) TRANSIT
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(15,958)	(151,507)	15,000	(83,086)	(27,024)	-
Due from grantor agencies	15,958	151,507	-	83,086	27,024	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	15,000	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(417) FEDERAL TRANSIT	(418) FEDERAL TRANSIT 2	(500) MISC GRANTS	(505) TCU - ROI	(510) SBC VISITOR CENTER	(515) LIBRARY GRANT
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	-	(276,648)	(61,497)	17,281	(3,286)	-
Due from grantor agencies	-	276,648	61,497	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,281</u>	<u>(3,286)</u>	<u>-</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,281</u>	<u>(3,286)</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	17,281	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,281</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,286)</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(520) SBC LABORATORIES	(529) YOUTH OUTREACH	(530) BUSINESS INCUBATOR	(531) CREDIT COUNSELING	(532) FINANCIAL ASSISTANCE	(533) AICF - ARTS
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	3,308	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	36,173	7,991	(46,656)	5,000	32,776	2,820
Due from grantor agencies	-	-	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>36,173</u>	<u>7,991</u>	<u>(43,348)</u>	<u>5,000</u>	<u>32,776</u>	<u>2,820</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>36,173</u>	<u>7,991</u>	<u>(43,348)</u>	<u>5,000</u>	<u>32,776</u>	<u>2,820</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	1,725	-	-	-
Unearned revenue	24,117	7,991	-	5,000	32,776	2,820
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>24,117</u>	<u>7,991</u>	<u>1,725</u>	<u>5,000</u>	<u>32,776</u>	<u>2,820</u>
NET POSITION	<u>\$ 12,056</u>	<u>\$ -</u>	<u>\$ (45,073)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(540) TRANSPORT PROGRAM	(550) CONSTRUCTION FUND	(551) ND HOUSING AGENCY	(552) NEW TRIBAL HIP	(560) SBC TECH, INC.	(570) SBC BISON
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	1,863	-	-	-	555	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	11,927	62,463	9,237	-	16,478	86,210
Due from grantor agencies	-	-	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>13,790</u>	<u>62,463</u>	<u>9,237</u>	<u>-</u>	<u>17,033</u>	<u>86,210</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>13,790</u>	<u>62,463</u>	<u>9,237</u>	<u>-</u>	<u>17,033</u>	<u>86,210</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	9,237	-	-	-
Accrued compensation and vacation	-	-	-	-	207	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>9,237</u>	<u>-</u>	<u>207</u>	<u>-</u>
NET POSITION	<u>\$ 13,790</u>	<u>\$ 62,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,826</u>	<u>\$ 86,210</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(580) SBC DAYCARE	(585) IMMERSION NEST	(590) STUDENT APARTMENTS	(600) MISC. CATEGORY	(601) SCHOLARSHIP FUND	(602) INTERNAL SCHOLARSHIPS
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 2,125	\$ -	\$ 1,783	\$ -
Accounts receivable, net	8,180	12,130	6,155	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	42,443	-
Due from (to) other funds	(8,180)	71,515	15,664	(57,727)	(66,956)	998
Due from grantor agencies	-	-	-	61,144	-	-
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>-</u>	<u>83,645</u>	<u>23,944</u>	<u>3,417</u>	<u>(22,730)</u>	<u>998</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	175,389	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,389</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>83,645</u>	<u>23,944</u>	<u>3,417</u>	<u>152,659</u>	<u>998</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	3,417	217,026	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,417</u>	<u>217,026</u>	<u>-</u>
NET POSITION	<u>\$ -</u>	<u>\$ 83,645</u>	<u>\$ 23,944</u>	<u>\$ -</u>	<u>\$ (64,367)</u>	<u>\$ 998</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	(603) SPIRIT RIDERS	(610) CSN/ AMERICORP	(637) TCUP 2	(645) PEEC	(646) PEEC 2	(671) TREND 2
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	1,305	(23,917)	(118,465)	-	(52,001)	(20,351)
Due from grantor agencies	-	23,917	118,465	-	52,001	20,351
Due from (to) component unit	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>1,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>1,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ 1,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2018

	ELIMINATION	TOTAL
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ 476,855
Accounts receivable, net	-	46,660
Certificates of deposit	-	500,000
Investments	-	406,511
Due from (to) other funds	-	-
Due from grantor agencies	-	1,738,846
Due from (to) component unit	-	178,744
Inventories	-	78,288
Total current assets	-	3,425,904
Non-current assets:		
Investments restricted for endowment	-	1,153,430
Note receivable - component unit, net	-	336,158
Capital assets, net	19,977,199	19,977,199
Total non-current assets	19,977,199	21,466,787
TOTAL ASSETS	19,977,199	24,892,691
LIABILITIES		
Current liabilities:		
Accounts payable	-	201,902
Unearned revenue	-	463,185
Accrued compensation and vacation	-	306,424
Accrued retirement	-	232,133
Due to student activities	-	1,819
TOTAL CURRENT LIABILITIES	-	1,205,463
NET POSITION	\$ 19,977,199	\$ 23,687,228

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	(001) GENERAL FUND	(010) STUDENT STIPEND	(020) STUDENT ACTIVITIES	(075) USDA	(101) DEPARTMENT OF ED CONTROL	(102) PELL
OPERATING REVENUES						
Federal	\$ 2,008,720	\$ -	\$ -	\$ -	\$ -	\$ 944,003
State	27,024	-	-	-	-	-
Local / other	1,341,626	-	-	303,800	-	-
Indirect	523,256	-	-	-	-	-
TOTAL OPERATING REVENUES	3,900,626	-	-	303,800	-	944,003
OPERATING EXPENSES						
Student aid	4,691	-	-	-	-	942,788
Salaries	1,812,851	-	-	-	-	-
Payroll taxes	153,723	-	-	-	-	-
Employee benefits	335,750	-	-	-	-	-
Travel and training	104,232	-	-	-	-	-
Supplies	261,535	-	-	-	-	-
Repairs and maintenance	60,697	-	-	-	-	-
Equipment	34,142	-	-	303,800	-	-
Other operating	1,064,124	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	-	-	1,215
TOTAL OPERATING EXPENSES	3,831,745	-	-	303,800	-	944,003
OPERATING INCOME (LOSS)	68,881	-	-	-	-	-
NON-OPERATING REVENUES						
Investment income (loss)	5,359	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	(167,767)	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	(162,408)	-	-	-	-	-
CHANGE IN NET POSITION	(93,527)	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR	1,304,388	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ 1,210,861	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(103) SEOG	(104) WORK STUDY	(105) INTERNSHIP PROGRAM	(106) EMERGENCY AID	(112) TITLE III PART A	(113) TITLE III PART F
OPERATING REVENUES						
Federal	\$ 19,726	\$ 15,568	\$ -	\$ -	\$ 578,388	\$ 628,426
State	-	-	-	-	-	-
Local / other	-	-	36,565	11,646	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	19,726	15,568	36,565	11,646	578,388	628,426
OPERATING EXPENSES						
Student aid	24,171	-	-	8,646	-	-
Salaries	-	11,123	26,027	-	291,843	311,561
Payroll taxes	-	-	2,204	-	21,882	25,657
Employee benefits	-	-	-	-	59,797	66,550
Travel and training	-	-	-	-	15,988	96,190
Supplies	-	-	-	-	12,897	27,963
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	175,981	-
Other operating	-	-	-	-	-	100,505
Depreciation	-	-	-	-	-	-
Indirect	-	-	8,334	3,000	-	-
TOTAL OPERATING EXPENSES	24,171	11,123	36,565	11,646	578,388	628,426
OPERATING INCOME (LOSS)	(4,445)	4,445	-	-	-	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	4,445	(4,445)	-	-	-	-
TOTAL NON-OPERATING REVENUES	4,445	(4,445)	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(122) STUDENT SUPPORT (TRIO)	(132) TNA	(139) FEDERAL VOCATIONAL EDUCATION	(146) LANGUAGE IMMERSION	(149) RESTORATIVE TEACHING	(150) BOOKSTORE
OPERATING REVENUES						
Federal	\$ 229,778	\$ 257,808	\$ 428,126	\$ 291,836	\$ -	\$ -
State	-	-	-	-	-	-
Local / other	-	-	-	-	62,153	556,900
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	<u>229,778</u>	<u>257,808</u>	<u>428,126</u>	<u>291,836</u>	<u>62,153</u>	<u>556,900</u>
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	150,731	28,258	179,741	194,867	32,410	50,826
Payroll taxes	12,014	2,007	13,878	16,108	2,315	4,082
Employee benefits	36,597	5,501	33,526	20,132	5,220	10,259
Travel and training	8,118	-	2,035	9,152	14,643	-
Supplies	705	1,380	296	1,849	4,376	6,554
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	4,593	217,558	171,351	26,695	439	432,657
Depreciation	-	-	-	-	-	-
Indirect	17,020	3,104	27,299	23,033	2,750	5,417
TOTAL OPERATING EXPENSES	<u>229,778</u>	<u>257,808</u>	<u>428,126</u>	<u>291,836</u>	<u>62,153</u>	<u>509,795</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,105</u>
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,105</u>
NET POSITION AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,319</u>
NET POSITION AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,424</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(151) LAK/DAK LANGUAGE PROJECT	(152) EMPOWER Y/V	(153) LAKOTA LANGUAGE	(154) NEH	(155) FIRST NATIONS	(201) ADULT BASIC EDUCATION
OPERATING REVENUES						
Federal	\$ 14,233	\$ 68,816	\$ 186,175	\$ -	\$ -	\$ 36,671
State	-	-	-	-	-	-
Local / other	-	-	-	7,767	43	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	14,233	68,816	186,175	7,767	43	36,671
OPERATING EXPENSES						
Student aid	-	-	87,910	6,139	-	-
Salaries	12,169	37,993	60,139	1,125	38	23,501
Payroll taxes	761	3,298	5,030	89	3	3,161
Employee benefits	9	10,459	2,702	56	2	983
Travel and training	-	1,857	11,101	-	-	-
Supplies	-	15,209	632	358	-	2,811
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	-	-	1,140	-	-	-
Depreciation	-	-	-	-	-	-
Indirect	1,294	-	17,521	-	-	6,215
TOTAL OPERATING EXPENSES	14,233	68,816	186,175	7,767	43	36,671
OPERATING INCOME (LOSS)	-	-	-	-	-	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(206) AG EQUITY	(207) USGS/DOI	(208) AIHEC CLIMATE CHANGE	(209) STEAM	(210) LIMITED PARTNERSHIP	(211) ENDOWMENT TRUST FUNDS
OPERATING REVENUES						
Federal	\$ 148,729	\$ 132,412	\$ -	\$ 5,050	\$ -	\$ -
State	-	-	-	-	-	-
Local / other	-	-	1,232	-	-	17,105
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	148,729	132,412	1,232	5,050	-	17,105
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	47,263	41,643	-	2,500	-	-
Payroll taxes	3,830	3,845	-	191	-	-
Employee benefits	7,981	3,185	-	125	-	-
Travel and training	3,320	796	-	321	-	-
Supplies	60,726	74,034	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	-	8,909	-	1,500	87,509	2,183
Depreciation	-	-	-	-	-	-
Indirect	25,609	-	-	413	-	-
TOTAL OPERATING EXPENSES	148,729	132,412	-	5,050	87,509	2,183
OPERATING INCOME (LOSS)	-	-	1,232	-	(87,509)	14,922
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	87,509	3,575
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	-	-	87,509	3,575
CHANGE IN NET POSITION	-	-	1,232	-	-	18,497
NET POSITION AT BEGINNING OF YEAR	-	-	(1,232)	-	336,158	1,582,450
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 336,158	\$ 1,600,947

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(212) CAPITAL CAMPAIGN	(215) AICF BUILDING SUSTAINABLE PATHWAYS	(306) NA TRADITIONAL ART	(307) EMBRY SCHOLARSHIP	(308) NARCH	(309) SD HEALING PROJECT
OPERATING REVENUES						
Federal	\$ -	\$ -	\$ -	\$ -	\$ 94,624	\$ -
State	-	-	-	-	-	-
Local / other	2,778	400	17,231	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	2,778	400	17,231	-	94,624	-
OPERATING EXPENSES						
Student aid	-	400	-	-	-	-
Salaries	-	-	3,447	-	11,500	-
Payroll taxes	-	-	744	-	1,830	-
Employee benefits	-	-	225	-	827	-
Travel and training	-	-	-	-	8,452	-
Supplies	-	-	7,580	-	21,052	-
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	-	-	5,235	-	40,945	-
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	-	10,018	-
TOTAL OPERATING EXPENSES	-	400	17,231	-	94,624	-
OPERATING INCOME (LOSS)	2,778	-	-	-	-	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	-	-	-	-
CHANGE IN NET POSITION	2,778	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR	159,350	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ 162,128	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(311) VOCATIONAL REHAB	(314) INDIAN HOUSING ASSISTANCE	(323) LAND GRANT FUNDS	(324) USDA CARE	(332) RENEWABLE BUILDING MATERIALS	(333) HEALTH STATUS
OPERATING REVENUES						
Federal	\$ 506,160	\$ -	\$ 82,899	\$ 107,352	\$ 809	\$ 66,452
State	-	-	-	-	-	-
Local / other	-	-	-	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	506,160	-	82,899	107,352	809	66,452
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	222,497	-	31,845	6,908	500	44,727
Payroll taxes	18,485	-	1,836	306	27	3,498
Employee benefits	51,931	-	1,306	45	25	2,195
Travel and training	53,156	-	-	3,160	178	2,929
Supplies	14,553	-	3,370	350	79	1,254
Repairs and maintenance	1,655	-	-	-	-	-
Equipment	500	-	-	-	-	-
Other operating	75,874	11,640	44,542	77,433	-	-
Depreciation	-	-	-	-	-	-
Indirect	67,509	-	-	19,150	-	11,849
TOTAL OPERATING EXPENSES	506,160	11,640	82,899	107,352	809	66,452
OPERATING INCOME (LOSS)	-	(11,640)	-	-	-	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	11,640	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	11,640	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(334) ADVANCED STEM	(401) STATE VOCATIONAL EDUCATION	(404) TOYOTA STEM	(411) TRANSPORT NORTH DAKOTA	(413) TRANSPORT SOUTH DAKOTA	(414) TRANSIT
OPERATING REVENUES						
Federal	\$ 19,674	\$ 151,507	\$ -	\$ 231,233	\$ 104,873	\$ -
State	-	-	-	82,038	33,688	-
Local / other	-	-	-	41,566	33,195	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	19,674	151,507	-	354,837	171,756	-
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	9,550	130,581	-	223,508	103,458	-
Payroll taxes	727	3,961	-	17,765	11,007	-
Employee benefits	506	9,390	-	50,342	26,706	-
Travel and training	5,383	-	-	35,638	5,000	-
Supplies	-	-	-	7,738	5,655	-
Repairs and maintenance	-	-	-	47,606	3,875	-
Equipment	-	-	-	1,863	-	-
Other operating	-	-	-	16,651	31,060	-
Depreciation	-	-	-	-	-	-
Indirect	3,508	7,575	-	-	-	-
TOTAL OPERATING EXPENSES	19,674	151,507	-	401,111	186,761	-
OPERATING INCOME (LOSS)	-	-	-	(46,274)	(15,005)	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	46,274	15,005	5,042
TOTAL NON-OPERATING REVENUES	-	-	-	46,274	15,005	5,042
CHANGE IN NET POSITION	-	-	-	-	-	5,042
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-	(5,042)
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(417) FEDERAL TRANSIT	(418) FEDERAL TRANSIT 2	(500) MISC GRANTS	(505) TCU-ROI	(510) SBC VISITOR CENTER	(515) LIBRARY GRANT
OPERATING REVENUES						
Federal	\$ 189,560	\$ 301,593	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	-
Local / other	2,743	3,258	61,497	5,219	11,530	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	<u>192,303</u>	<u>304,851</u>	<u>61,497</u>	<u>5,219</u>	<u>11,530</u>	<u>-</u>
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	73,532	130,873	43,076	4,310	-	-
Payroll taxes	10,232	9,350	3,425	338	-	-
Employee benefits	10,538	35,378	548	213	-	-
Travel and training	-	-	7,754	-	-	189
Supplies	-	-	1,103	358	-	-
Repairs and maintenance	2,456	41,357	-	-	-	-
Equipment	73,149	-	-	-	-	-
Other operating	20,008	38,961	-	-	9,304	-
Depreciation	-	-	-	-	-	-
Indirect	2,388	48,932	5,591	-	-	-
TOTAL OPERATING EXPENSES	<u>192,303</u>	<u>304,851</u>	<u>61,497</u>	<u>5,219</u>	<u>9,304</u>	<u>189</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,226</u>	<u>(189)</u>
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	1,446
TOTAL NON-OPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,446</u>
CHANGE IN NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,226</u>	<u>1,257</u>
NET POSITION AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,512)</u>	<u>(1,257)</u>
NET POSITION AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,286)</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(520) SBC LABORATORIES	(529) YOUTH OUTREACH	(530) BUSINESS INCUBATOR	(531) CREDIT COUNSELING	(532) FINANCIAL ASSISTANCE	(533) AICF - ARTS
OPERATING REVENUES						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	-
Local / other	22,446	22,009	10,060	12,000	924	5,720
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	<u>22,446</u>	<u>22,009</u>	<u>10,060</u>	<u>12,000</u>	<u>924</u>	<u>5,720</u>
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	12,491	-	23,325	-	-	-
Payroll taxes	1,019	-	1,790	-	-	-
Employee benefits	71	-	5,303	-	-	-
Travel and training	-	2,290	-	-	-	-
Supplies	17,150	-	187	-	924	-
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	3,327	19,719	1,617	12,000	-	5,720
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	<u>34,058</u>	<u>22,009</u>	<u>32,222</u>	<u>12,000</u>	<u>924</u>	<u>5,720</u>
OPERATING INCOME (LOSS)	<u>(11,612)</u>	<u>-</u>	<u>(22,162)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(11,612)</u>	<u>-</u>	<u>(22,162)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AT BEGINNING OF YEAR	<u>23,668</u>	<u>-</u>	<u>(22,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 12,056</u>	<u>\$ -</u>	<u>\$ (45,073)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(540) TRANSPORT PROGRAM	(550) CONSTRUCTION FUND	(551) ND HOUSING AGENCY	(552) NEW TRIBAL HIP	(560) SBC TECH, INC.	(570) SBC BISON
OPERATING REVENUES						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	2,914	-	-	-
Local / other	79,406	44,185	-	46,214	2,690	98,233
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	79,406	44,185	2,914	46,214	2,690	98,233
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	9,390	25,616	-	-	-	-
Payroll taxes	793	1,895	-	-	-	41
Employee benefits	469	1,215	-	-	-	-
Travel and training	-	-	-	-	-	-
Supplies	643	39,887	-	-	2,630	-
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	839	-	-
Other operating	77,777	30,069	-	45,375	-	24,302
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	-	-	7,388
TOTAL OPERATING EXPENSES	89,072	98,682	-	46,214	2,630	31,731
OPERATING INCOME (LOSS)	(9,666)	(54,497)	2,914	-	60	66,502
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	-	-	-	-
CHANGE IN NET POSITION	(9,666)	(54,497)	2,914	-	60	66,502
NET POSITION AT BEGINNING OF YEAR	23,456	116,960	(2,914)	-	16,766	19,708
NET POSITION AT END OF YEAR	\$ 13,790	\$ 62,463	\$ -	\$ -	\$ 16,826	\$ 86,210

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(580) SBC DAYCARE	(585) IMMERSION NEST	(590) STUDENT APARTMENTS	(600) MISC. CATEGORY	(601) SCHOLARSHIP FUND	(602) INTERNAL SCHOLARSHIPS
OPERATING REVENUES						
Federal	\$ -	\$ -	\$ -	\$ 99,968	\$ -	\$ -
State	12,516	-	-	-	-	-
Local / other	145,129	108,260	49,617	-	2,106	20,611
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	157,645	108,260	49,617	99,968	2,106	20,611
OPERATING EXPENSES						
Student aid	-	-	-	-	-	26,900
Salaries	154,895	35,356	16,907	43,693	-	-
Payroll taxes	17,141	3,194	1,159	3,908	-	-
Employee benefits	41,904	6,188	2,833	1,287	-	-
Travel and training	161	1,886	-	6,101	-	-
Supplies	20,693	1,710	-	1,093	-	-
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	22,851	2,988	34,634	29,534	(7,962)	-
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	14,352	-	-
TOTAL OPERATING EXPENSES	257,645	51,322	55,533	99,968	(7,962)	26,900
OPERATING INCOME (LOSS)	(100,000)	56,938	(5,916)	-	10,068	(6,289)
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	2,538	-
Federal capital grants	-	-	-	-	-	-
Transfers from (to) other funds	100,000	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	100,000	-	-	-	2,538	-
CHANGE IN NET POSITION	-	56,938	(5,916)	-	12,606	(6,289)
NET POSITION AT BEGINNING OF YEAR	-	26,707	29,860	-	(76,973)	7,287
NET POSITION AT END OF YEAR	\$ -	\$ 83,645	\$ 23,944	\$ -	\$ (64,367)	\$ 998

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	(603) SPIRIT RIDERS	(610) CSN/ AMERICORP	(637) TCUP 2	(645) PEEC	(646) PEEC 2	(671) TREND 2
OPERATING REVENUES						
Federal	\$ -	\$ 92,731	\$ 479,439	\$ 163,219	\$ 125,298	\$ 431,207
State	-	-	-	-	-	-
Local / other	1,305	-	-	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	1,305	92,731	479,439	163,219	125,298	431,207
OPERATING EXPENSES						
Student aid	-	-	12,716	-	17,525	-
Salaries	-	64,687	292,003	36,533	62,063	229,361
Payroll taxes	-	4,398	23,138	2,849	4,848	17,764
Employee benefits	-	989	48,784	6,641	11,565	46,207
Travel and training	-	16,759	15,502	5,360	2,952	11,504
Supplies	-	1,454	4,076	72,291	7,128	51,306
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	-	963	-	20,994	-	16,762
Depreciation	-	-	-	-	-	-
Indirect	-	3,481	83,220	18,551	19,217	58,303
TOTAL OPERATING EXPENSES	-	92,731	479,439	163,219	125,298	431,207
OPERATING INCOME (LOSS)	1,305	-	-	-	-	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	-	-	-	-
CHANGE IN NET POSITION	1,305	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ 1,305	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	<u>ELIMINATION</u>	<u>TOTAL</u>
OPERATING REVENUES		
Federal	\$ -	\$ 9,243,063
State	-	158,180
Local / other	(955,594)	2,233,575
Indirect	<u>(523,256)</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>(1,478,850)</u>	<u>11,634,818</u>
OPERATING EXPENSES		
Student aid	(942,788)	189,098
Salaries	-	5,362,506
Payroll taxes	-	441,731
Employee benefits	-	962,715
Travel and training	-	452,107
Supplies	-	755,889
Repairs and maintenance	-	157,646
Equipment	(45,943)	544,331
Other operating	(597,223)	2,234,263
Depreciation	1,418,290	1,418,290
Indirect	<u>(523,256)</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>(690,920)</u>	<u>12,518,576</u>
OPERATING INCOME (LOSS)	<u>(787,930)</u>	<u>(883,758)</u>
NON-OPERATING REVENUES		
Investment income (loss)	-	98,981
Federal capital grants	-	11,640
Transfers from (to) other funds	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES	<u>-</u>	<u>110,621</u>
CHANGE IN NET POSITION	(787,930)	(773,137)
NET POSITION AT BEGINNING OF YEAR	<u>20,765,129</u>	<u>24,460,365</u>
NET POSITION AT END OF YEAR	<u>\$ 19,977,199</u>	<u>\$ 23,687,228</u>

SITTING BULL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>FEDERAL/GRANTOR PROGRAM TITLE</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION			
Federal Supplemental Educational Opportunity Grants (FSEOG)		84.007	\$ 24,171
Federal Work-Study Program (FWS)		84.033	11,123
Federal Pell Grant Program (PELL)		84.063	<u>944,003</u>
Student Financial Aid Cluster			979,297
TRIO Cluster:			
TRIO - Student Support Services		84.042A	229,778
Title III - Higher Education Institutional Aid		84.031T	1,356,814
Native American Vocational - Technical Education Program		84.101A	* 428,126
Indian Education - Special Programs for Indian Children		84.299F	257,808
Passed through Standing Rock Sioux Tribe:			
Rehabilitation Services - American Indians with Disabilities	H250K150033	84.250F	506,160
Passed through University of North Dakota:			
Mathematics and Science Partnerships	UND10541	84.366	5,050
Passed through ND Department of Career and Technical Education:			
Career & Technical Education	2058	84.101	* <u>151,507</u>
Total U.S. Department of Education			<u>3,914,540</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Formula Grants for Rural Areas - Tribal Transit		20.509	497,154
Passed through ND Department of Transportation:			
Formula Grants for Rural Areas - ND	38171099	20.509	231,233
Passed through SD Department of Transportation:			
Formula Grants for Rural Areas - SD	811506 / 811575	20.509	<u>104,873</u>
Total CFDA #20.509			<u>833,260</u>
Total U.S. Department of Transportation			<u>833,260</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through National Institute of Food and Agriculture:			
1890 Institution Capacity Building Grants	2017-68008-26281	10.216	107,352
Tribal Colleges Education Equity Grants	2015-38421-22010	10.221	148,729
Tribal Colleges Endowment Program	2016-38423-06923	10.222	82,899
	2015-47002-25517		
Cooperative Extension Service	2016-47002-25517	10.500	<u>201,228</u>
Total U.S. Department of Agriculture			<u>540,208</u>

See Notes to the Schedule of Expenditures of Federal Awards

SITTING BULL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

<u>FEDERAL/GRANTOR PROGRAM TITLE</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF INTERIOR			
Passed through Bureau of Indian Affairs:			
Indian Housing Assistance	A15AV00440	15.141	\$ 11,640
TCU Endowment: Public Law 95-471	A16AP00052	15.028	499,573
Adult Education	A17AV00871	15.026	36,671
Unrestricted funds: Public Law 95-471 (Assistance to Tribally Controlled Community Colleges)	A17AP00081	15.027	<u>2,008,720</u>
Total U.S. Department of Interior			<u>2,556,604</u>
NATIONAL SCIENCE FOUNDATION			
Tribal College & University Program		47.076	479,439
Tribal College & University Program - PEEC		47.076	288,517
Lakota Language Capacity Building Initiative		47.076	186,175
Model to Advance Native American STEM Faculty		47.076	19,674
Health Status of Ecosystem, Biodiversity and Species Abundance		47.076	66,452
Total CFDA #47.076 - Education and Human Resources			<u>1,040,257</u>
Passed through North Dakota State University:			
Office of Experimental Program to Stimulate Competitive Research	FAR0023657	47.081	<u>100,777</u>
Total National Science Foundation / Research and Development Cluster			<u>1,141,034</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES			
Humanities Connection		45.162	<u>14,233</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Americorps		94.006	<u>92,731</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Promote the Survival and Continuing Vitality of Native American Languages		93.587	291,836
Passed through Cankdeska Community College:			
Native American Research Centers for Health	U261IH50087-03-00	93.933	<u>94,624</u>
Total U.S. Department of Health and Human Services			<u>386,460</u>
U.S. DEPARTMENT OF LABOR			
Passed through Bismarck State College:			
Trade Adjustment Assistance Community College and Training	SGA-DFA-PY-13-10	17.282	<u>431,207</u>
Total Expenditures of Federal Awards			<u>\$ 9,910,277</u>

* Total for CFDA #84.101 = \$579,633

See Notes to the Schedule of Expenditures of Federal Awards

SITTING BULL COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Sitting Bull College under programs of the federal government for the year ended June 30, 2018. 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). The amounts reported on the schedule have been reconciled to and are in agreement with amounts recorded in the accounting records from which the financial statements have been reported.

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 applicable cost principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments* or in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited as to reimbursement. Sitting Bull College has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3 ENDOWMENTS

The cumulative amount of federal endowment funds received by the College as of June 30, 2018 is as follows:

Federal Program	CFDA	Amount
Higher Education Institutional Aid	84.031T	\$ 150,000
Tribally Controlled Community College Endowments	15.028	499,573
		<u>\$ 649,573</u>

NOTE 4 FINANCIAL STATEMENT RECONCILIATION

The total amount of federal revenues on the financial statements is \$9,254,703, which is made up of operating federal revenue of \$9,243,063 and non-operating federal capital grant revenue of \$11,640. This amount, plus prior year contributions to Federal endowments and related restricted earnings of \$649,573 and \$6,001 of program income from federal awards equals \$9,910,277 as reflected on the schedule of expenditures of federal awards.

**INDEPENDENT AUDITOR'S 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**

To the Board of Trustees
Sitting Bull College
Fort Yates, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Sitting Bull College (the College), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated January 28, 2019. The financial statements of Student Housing Limited Partnership 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 aggregate discretely presented component unit.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs that we consider to be a significant deficiency as item 2018-001.

Compliance and Other Matters

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

Sitting Bull College's Response to Finding

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

January 28, 2019

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

To the Board of Trustees
Sitting Bull College
Fort Yates, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Sitting Bull College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2018. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Sitting Bull College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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. According, this report is not suitable for any other purpose.



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

January 28, 2019

SITTING BULL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported
 Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported
 Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
 Any audit findings disclosed that are Required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> yes	<u> x </u> no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.027	Assistance to Tribally Controlled Community Colleges
84.031T	Title III – Higher Education Institutional Aid
20.509	Formula Grants for Rural Areas

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>	
 Auditee qualified as a low-risk auditee?	<u> </u> yes	<u> x </u> no

SITTING BULL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
JUNE 30, 2018

Section II - Financial Statement Findings

2018-001: Financial Statements and Adjusting Journal Entries Prepared by Auditor

Criteria

An appropriate system of internal controls requires that the College make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the College's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Condition

The College's auditors prepared the financial statements as of June 30, 2018. In addition, adjusting entries were proposed to bring the financial statements into compliance with GAAP. An appropriate system of internal controls requires that the College must make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with GAAP. This requires the College's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Cause

It is currently not cost effective for the College to maintain a working knowledge of current generally accepted accounting principles and required financial statement disclosures.

Effect

Sitting Bull College currently does not maintain the working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures to make a determination that financial statements are properly stated in compliance with accounting principles generally accepted in the United States of America.

Recommendation

In order to comply with these requirements, accounting personnel will need to determine the proper balance of each general ledger account prior to the start of the audit, and compensating controls over financial statement disclosure requirements could be provided by the use of current disclosure checklists and the continual training of College personnel on the current requirements of financial statements and disclosures in compliance with accounting principles generally accepted in the United States of America.

Views of Responsible Officials

Although management has agreed and it has not been cost effective, Sitting Bull College is putting policies and procedures in place to move in the direction in which they will have the ability to complete the financial statements and have all necessary adjusting entries posted.

Indication of Repeat Finding

This is a repeat finding of finding 2017-001 and 2017-002 from the prior year.

SITTING BULL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
JUNE 30, 2018

Section III – Federal Award Findings and Questioned Costs

There are no findings which are required to be reported under this section.

SITTING BULL COLLEGE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

2017-001: Financial Statements Prepared by Auditor

Criteria

A system of internal controls over financial reporting includes that the College has the ability to determine that the financial statements and disclosures are properly stated in compliance with accounting principles generally accepted in the United States of America.

Condition

The College's auditors prepared the financial statements as of June 30, 2017. The College does not have the system necessary to assess whether all relevant disclosures have been included in the financial statements as required by accounting principles generally accepted in the United States of America.

Cause

It is currently not cost effective for the College to internally prepare its financial statements and disclosures in accordance with accounting principles generally accepted in the United States of America.

Effect

A system of internal controls over financial reporting is not present for the College to internally determine that the financial statements and all required disclosures are in compliance with accounting principles generally accepted in the United States of America.

Recommendation

Compensating controls over financial statement disclosure requirements could be provided by the use of current disclosure checklists and the continual training of College personnel on the current requirements of financial statements and disclosures in compliance with accounting principles generally accepted in the United States of America.

Views of Responsible Officials

Although management has agreed and it has not been cost effective, Sitting Bull College is putting policies and procedures in place to move in the direction in which we will have the ability to complete financial statements.

Current Status

Finding 2017-001 is repeated again as finding 2018-001.

SITTING BULL COLLEGE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS - CONTINUED
JUNE 30, 2018

2017-002: Adjusting Journal Entries - Material Weakness

Criteria

The College is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected on a GAAP basis.

Condition

During our audit, material adjusting journal entries to the financial statements were proposed in order to bring the financial statements into compliance with accounting principles generally accepted in the United States of America (GAAP). The College is required to maintain internal controls at a level where a determination can be made that the general ledger accounts are properly reflected on a GAAP basis.

Cause

It is currently not cost effective for the College to determine the proper balance of each general ledger account prior to the start of the audit.

Effect

The College does not maintain internal controls at a level where a determination can be made that the general ledger accounts are properly reflected on a GAAP basis.

Recommendation

In order to comply with this requirement, accounting personnel will need to determine the proper balance of each general ledger account prior to the start of the audit.

Views of Responsible Officials

Although management has agreed and it has not been cost effective, the Sitting Bull College is putting policies and procedures in place to move in the direction in which we will have the ability to post all necessary adjusting entries.

Current Status

Finding 2017-002 is repeated again as finding 2018-001.



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Corrective Action Plan – June 30, 2018

2018-001

Contact Person

Dr. Koreen Ressler

Corrective Action Plan

Sitting Bull College is putting policies and procedures in place to move in the direction in which we will have the ability to complete the financial statements and have all necessary adjusting entries posted.

Completion Date

Fiscal year 2019.