

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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SITTING BULL COLLEGE
OFFICIAL ROSTER - UNAUDITED
JUNE 30, 2019

BOARD OF TRUSTEES

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Sami Claymore	Board Member
Jeff Cadotte Sr.	Board Member
Wilbur Red Tomahawk	Board Member
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ADMINISTRATION

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, 2019, 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, 2019, and the aggregate discretely presented component unit as of December 31, 2018, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 15 to the financial statements, the 2019 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

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 February 6, 2020 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**

February 6, 2020

SITTING BULL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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, 2019, with comparative data for the fiscal year ended June 30, 2018. 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 2019 are as follows:

- Net position of the College decreased \$879,370 as a result of the current year's operations.
- Net position totaled \$23,024,886.
- Total revenue from all sources were \$10,692,395.
- Total expenses were \$11,571,765.

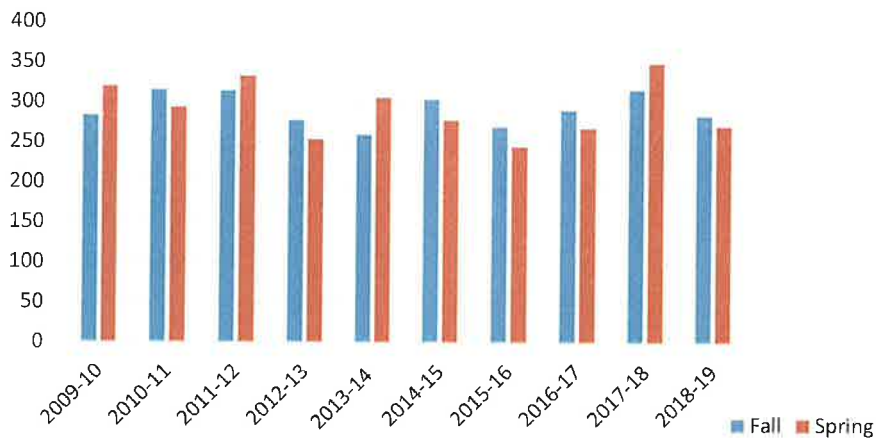
Student Enrollment

The fall 2018 and spring 2019 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 (68%), Native American (90%), single (86%), with an average age of 29. The 2018-2019 student demographic statistics remain consistent with past years.

Semester	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Average
Fall	284	316	315	278	260	304	270	291	316	284	291.8
Spring	320	294	333	254	306	278	245	268	349	271	291.8
Average	302	305	324	266	283	291	257.5	280	333	278	

Ten Year Enrollment Trends



SITTING BULL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2019

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.

2018-19 was the fifth year the Build Your Brighter Future tuition scholarship and dorm scholarship was offered. 26 students received the scholarships totaling \$58,200. Compared to the prior year, this scholarship program decreased by 53.6%.

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, 2019?" 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, 2019

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 \$879,370 for the year ended June 30, 2019, compared to a decrease of \$773,137 for the year ended June 30, 2018.

The College's net position of \$23,024,886 is segregated into three separate categories:

- 1) Net investments in capital assets represents 83% 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 10% of the College's net position. The unrestricted net position is available to meet the College's ongoing obligations.

TABLE 1: NET POSITION

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS	\$ 4,149,091	\$ 3,425,904
CAPITAL ASSETS	19,024,300	19,977,199
NON-CURRENT ASSETS	<u>1,385,964</u>	<u>1,489,588</u>
TOTAL ASSETS	<u>24,559,355</u>	<u>24,892,691</u>
LIABILITIES		
CURRENT LIABILITIES	<u>1,534,469</u>	<u>988,437</u>
TOTAL LIABILITIES	<u>1,534,469</u>	<u>988,437</u>
NET POSITION		
NET INVESTMENTS IN CAPITAL ASSETS	19,024,300	19,977,199
RESTRICTED	1,699,314	1,616,240
UNRESTRICTED	<u>2,301,272</u>	<u>2,310,815</u>
TOTAL NET POSITION	<u>\$ 23,024,886</u>	<u>\$ 23,904,254</u>

SITTING BULL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2019

TABLE 2: CHANGE IN NET POSITION

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
FEDERAL	\$ 8,524,966	\$ 9,243,063
STATE	139,004	158,180
LOCAL/OTHER	<u>1,838,556</u>	<u>2,233,575</u>
TOTAL OPERATING REVENUES	<u>10,502,526</u>	<u>11,634,818</u>
OPERATING EXPENSES		
STUDENT AID	138,303	189,098
SALARIES	5,114,018	5,362,506
PAYROLL TAXES	404,099	441,731
EMPLOYEE BENEFITS	909,176	962,715
TRAVEL/TRAINING	503,416	452,107
SUPPLIES	566,972	755,889
REPAIRS AND MAINTENANCE	154,538	157,646
EQUIPMENT	94,742	544,331
OTHER OPERATING	2,369,375	2,234,263
DEPRECIATION	<u>1,317,126</u>	<u>1,418,290</u>
TOTAL OPERATING EXPENSES	<u>11,571,765</u>	<u>12,518,576</u>
OPERATING LOSS	<u>(1,069,239)</u>	<u>(883,758)</u>
NON-OPERATING REVENUES (EXPENSES)		
INVESTMENT INCOME	189,362	98,981
FEDERAL CAPITAL GRANTS	<u>507</u>	<u>11,640</u>
TOTAL NON-OPERATING REVENUES	<u>189,869</u>	<u>110,621</u>
CHANGE IN NET POSITION	(879,370)	(773,137)
NET POSITION AT BEGINNING OF YEAR	<u>23,904,256</u>	<u>24,677,391</u>
NET POSITION AT END OF YEAR	<u>\$ 23,024,886</u>	<u>\$ 23,904,254</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, 2019

Capital Assets

As of June 30, 2019, the College had \$19,024,300 invested in capital assets, net of depreciation.

TABLE 3 CAPITAL ASSETS, NET

	<u>2019</u>	<u>2018</u>
LAND	\$ 114,285	\$ 114,285
LAND IMPROVEMENTS	744,578	801,848
BUILDINGS & IMPROVEMENTS	17,402,864	18,046,354
EQUIPMENT	167,900	286,486
VEHICLES	<u>594,673</u>	<u>728,226</u>
 TOTAL	 <u>\$ 19,024,300</u>	 <u>\$ 19,977,199</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, 2019

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT (12/31/2018)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,126,332	\$ 70,821
Cash and cash equivalents - restricted	88,592	-
Accounts receivable, net	262,763	408
Certificates of deposit	500,000	-
Investments - restricted	224,758	-
Due from grantor agencies	1,383,472	-
Due from component unit	143,408	-
Due from primary government	-	4,024
Note receivable - component unit, net	336,158	-
Inventories	83,608	-
Prepaid expenses	-	5,813
Total current assets	<u>4,149,091</u>	<u>81,066</u>
Non-current assets:		
Investments restricted for endowment	1,385,964	-
Nondepreciable capital asset		
Land	114,285	14,500
Depreciable capital assets, net		
Land improvements	744,578	-
Buildings and improvements	17,402,864	1,135,820
Equipment	167,900	-
Vehicles	594,673	-
Total non-current assets	<u>20,410,264</u>	<u>1,150,320</u>
TOTAL ASSETS	<u>24,559,355</u>	<u>1,231,386</u>
LIABILITIES		
Current liabilities:		
Accounts payable	244,928	450
Accrued interest	-	841,978
Tenant security deposits	-	4,920
Unearned revenue	744,019	640
Accrued compensation and vacation	318,622	-
Accrued retirement	221,862	-
Due to student activities	5,038	-
Total current liabilities	<u>1,534,469</u>	<u>847,988</u>
Non-current liabilities:		
Long-term debt	-	336,158
Unamortized finance fees	-	(159)
Total non-current liabilities	<u>-</u>	<u>335,999</u>
TOTAL LIABILITIES	<u>1,534,469</u>	<u>1,183,987</u>
NET POSITION		
Net investments in capital assets	19,024,300	-
Restricted:		
Non-expendable endowments	1,385,964	-
Expendable endowments		
Expendable for development, capital, or operating purposes	159,039	-
Expendable for stipends, visiting scholars, staff development, and technology	58,511	-
Expendable for maintenance	41,585	-
Expendable for scholarships	54,215	-
Unrestricted	<u>2,301,272</u>	<u>47,399</u>
TOTAL NET POSITION	<u>\$ 23,024,886</u>	<u>\$ 47,399</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, 2019

	PRIMARY GOVERNMENT	COMPONENT UNIT
OPERATING REVENUES		
Federal	\$ 8,524,966	\$ -
State	139,004	-
Local / other	1,838,556	126,463
TOTAL OPERATING REVENUES	10,502,526	126,463
OPERATING EXPENSES		
Student aid	138,303	-
Salaries	5,114,018	10,914
Payroll taxes	404,099	-
Employee benefits	909,176	-
Travel and training	503,416	-
Supplies	566,972	-
Repairs and maintenance	154,538	42,673
Equipment	94,742	-
Other operating	2,369,375	148,138
Depreciation and amortization	1,317,126	42,663
TOTAL OPERATING EXPENSES	11,571,765	244,388
OPERATING INCOME (LOSS)	(1,069,239)	(117,925)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	189,362	45
Federal capital grants	507	-
TOTAL NON-OPERATING REVENUES	189,869	45
CHANGE IN NET POSITION	(879,370)	(117,880)
NET POSITION AT BEGINNING OF YEAR	23,687,230	165,279
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	217,026	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	23,904,256	165,279
NET POSITION AT END OF YEAR	\$ 23,024,886	\$ 47,399

See Notes to the Financial Statements

SITTING BULL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	PRIMARY GOVERNMENT	COMPONENT UNIT
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition, fees and other	\$ 2,565,388	\$ 133,173
Grants and contracts	9,517,204	-
Payments to suppliers	(3,651,337)	(101,476)
Payments to employees	(5,518,117)	(10,914)
Payments for benefits	(907,249)	-
Payments to students	(1,078,019)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	927,870	20,783
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	507	-
Purchase of capital assets	(364,224)	(41,000)
Advances from component unit	35,336	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(328,381)	(41,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	194,279	45
Proceeds from sale of investments	1,120,110	-
Purchases of investments	(1,175,809)	-
Capital expenditures - restoration	-	(39,837)
Disposition of buildings - water damage	-	45,768
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	138,580	5,976
NET CHANGE IN CASH AND CASH EQUIVALENTS	738,069	(14,241)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	476,855	85,062
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,214,924	\$ 70,821
CASH AND CASH EQUIVALENTS - UNRESTRICTED	\$ 1,126,332	\$ 70,821
CASH AND CASH EQUIVALENTS - RESTRICTED	88,592	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,214,924	\$ 70,821

See Notes to the Financial Statements

SITTING BULL COLLEGE
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	PRIMARY GOVERNMENT	COMPONENT UNIT
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
OPERATING INCOME (LOSS)	\$ (1,069,239)	\$ (117,925)
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation and amortization	1,317,126	42,663
EFFECT ON CASH FLOWS DUE TO CHANGES IN:		
Accounts receivable	(216,103)	650
Due from grantor agencies	355,374	-
Due (to) from component unit / primary government	-	7,536
Inventories	(5,320)	-
Prepaid expenses	-	(1,222)
Accounts payable	43,026	(737)
Accrued interest	-	91,054
Tenant security deposits	-	(1,476)
Unearned revenue	497,860	240
Due to student activities	3,219	-
Accrued compensation and vacation	12,198	-
Accrued retirement	(10,271)	-
	<u>\$ 927,870</u>	<u>\$ 20,783</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 927,870</u>	<u>\$ 20,783</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Insurance proceeds received - water damage	<u>\$ -</u>	<u>\$ 38,837</u>

See Notes to the Financial Statements

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2018 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. Sitting Bull College is the 0.01% general partner of the Partnership.

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, 2019

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 \$2,682,126 for doubtful accounts is made for tuition and fees deemed uncollectible as of June 30, 2019.

Inventories

Inventories are stated at the lower of cost or net realizable value. 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 and Furniture	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 applied. It is the College's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

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, 2019

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, 2019, cash and cash equivalents consisted of the following:

Business-type activities:	
Cash in banks	\$ 1,005,551
Money market investments	120,781
Total cash and cash equivalents	<u>\$ 1,126,332</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, 2019, the carrying amount of the College's bank deposits was \$1,094,143 and the bank balance was \$1,736,630. 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, 2019, the College had \$1,486,630 in excess of the FDIC limit on deposits, which was collateralized by securities held in the name of the College.

At June 30, 2019, the College had \$120,781 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, 2019, 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, 2019

The following table shows the investments by investment type and maturity at June 30, 2019.

Investment Type	Total Market Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Government mortgage-backed	\$ 715,123	<u>\$ -</u>	<u>\$ 315,321</u>	<u>\$ 200,475</u>	<u>\$ 199,327</u>
Investments not subject to categorization:					
Mutual funds	689,599				
Certificates of deposit	<u>206,000</u>				
Total investments	<u>\$ 1,610,722</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, 2019.

S & P Credit Rating	Total Market Value	Government Bonds
AA+	<u>\$ 715,123</u>	<u>\$ 715,123</u>
Total credit risk debt securities	715,123	<u>\$ 715,123</u>
Investments not subject to categorization:		
Mutual funds	689,599	
Certificates of deposit	<u>206,000</u>	
Total investments	<u>\$ 1,610,722</u>	

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GASB Statement No. 72, assets and liabilities 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, 2019.

Description	Total Carrying Amount	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Government mortgage-backed	\$ 715,123	\$ -	\$ 715,123	\$ -
Mutual funds	689,599	689,599	-	-
Total	<u>1,404,722</u>	<u>\$ 689,599</u>	<u>\$ 715,123</u>	<u>\$ -</u>
Certificates of deposits not subject to fair value measurements	<u>206,000</u>			
Total investments	<u>\$ 1,610,722</u>			

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019.

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 114,285	\$ -	\$ -	\$ 114,285
Capital assets being depreciated:				
Land improvements	941,505	-	-	941,505
Buildings & improvements	27,661,330	202,550	-	27,863,880
Equipment	2,312,497	50,571	-	2,363,068
Vehicles	2,182,247	111,106	-	2,293,353
Total capital assets being depreciated	33,097,579	364,227	-	33,461,806
Less accumulated depreciation for:				
Land improvements	139,657	57,270	-	196,927
Buildings & improvements	9,614,976	846,039	-	10,461,015
Equipment	2,026,011	169,157	-	2,195,168
Vehicles	1,454,021	244,660	-	1,698,681
Total accumulated depreciation	13,234,665	1,317,126	-	14,551,791
Total capital assets being depreciated, net	19,862,914	(952,899)	-	18,910,015
Total capital assets, net	\$ 19,977,199	\$ (952,899)	\$ -	\$ 19,024,300

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, 2019

The following is a listing of amounts owed from grantor agencies and unearned revenue as of June 30, 2019.

Fund	Due From Grantor Agencies	Unearned Revenue
010 Student Stipend	\$ -	\$ 24,519
102 PELL	28,999	-
103 SEOG	20,796	-
104 Work Study	11,294	-
105 Internship Program	-	18,328
106 Emergency Aid	-	9,198
112 Title III Part A	125,318	-
113 Title III Part F	222,659	-
122 Student Support Trio	69,671	-
132 TNA	30,585	-
146 Language Immersion	16,613	-
151 Lak/Dak Language Project	12,209	-
153 Lakota Language	1,920	-
155 First Nations	-	28,875
201 Adult Basic Education	-	54,601
206 AG Equity	9,079	-
207 USGS/DOI	31,999	-
208 AIHEC Climate Change	-	108
216 Indigenous Arts Ecology	-	19,613
306 NA Traditional Art	-	31,993
308 NARCH	8,399	-
309 SD Healing Project	-	8,261
311 Vocational Rehab	117,069	-
323 Land Grant Funds	-	103,158
324 USDA CARE	18,900	-
330 Keepseagle Equipment	-	399,998
333 Health Status	53,258	-
334 Advanced STEM	7,508	-
401 State Vocational Education	162,890	-
411 Transport North Dakota	82,997	486
413 Transport South Dakota	30,918	497
414 Transit	-	80
418 Federal Transit 2	87,499	-
505 TCU - ROI	-	9,245
520 SBC Laboratories	-	24,117
531 Credit Counseling	-	6,400
533 AICF - Arts	-	625
600 Misc. Category	37,759	3,917
637 TCUP 2	136,952	-
646 PEEC 2	58,181	-
	<u>\$ 1,383,472</u>	<u>\$ 744,019</u>

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

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 \$891,067 of interest accrued as of June 30, 2019. Management considers the accrued interest to be uncollectible, and therefore an allowance for doubtful accounts on the notes receivable of \$891,067 has been accrued as of June 30, 2019.

At June 30, 2019, the College had a due from component unit for \$143,408. At December 31, 2018, the component unit had a due from primary government, or the College, for \$4,024. The difference of \$139,384 results from additional transfers between the College and the component unit between December 31, 2018 and June 30, 2019.

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 2020 and 2022. The total rent expense for the year ending June 30, 2019 was \$42,604. Minimum annual rental payments for the remainder of these leases are as follows:

2020	\$ 29,948
2021	15,922
2022	6,756
Total	<u>\$ 52,626</u>

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, 2019 was \$4,373,627 and the College's total payroll was \$5,114,018. The total cost of the contributions for the fiscal year ended June 30, 2019 was \$221,862 from the College. The fund sponsors hold the Plan's investments.

NOTE 11 INDIRECT COSTS

Indirect costs of \$500,904 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 56 for the Combining Schedule of Revenues, Expenses, and Changes in Net Position.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

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, 2019, 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, 2019:

		<u>Reflected in net position as:</u>
Endowment Trust	\$ 110,481	Restricted - Expendable for development, capital, or operating purposes
Endowment Matching	48,558	Restricted - Expendable for development, capital, or operating purposes
Title III Endowment	58,511	Restricted - Expendable for stipends, visiting scholars, staff development, and technology
Maintenance Endowment	41,585	Restricted - Expendable for maintenance
Scholarship Endowment	54,215	Restricted - Expendable for scholarships
	<u>\$ 313,350</u>	

NOTE 15 PRIOR PERIOD ADJUSTMENT

Contributions received by the College to be invested and used as scholarships were deferred and recognized as revenue once scholarships were awarded. Non-exchange revenues such as these contributions should have been recognized as revenue once received. A prior period adjustment of \$217,026 was recorded to reduce deferred revenue and increase net position.

NOTE 16 FUTURE PRONOUNCEMENTS

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

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

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.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate organization does not meet the definition of an investment, the holding of the majority equity interest results in the government being financially accountable for the organization and therefore, the government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

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

NOTE 17 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.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on deposit, excluding separate reserve accounts – see note 10.

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.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

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, 2018, 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, 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.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

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 February 26, 2019, the date on which the financial statements were available to be issued.

4. PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>Depreciation lives years</u>
Land Leasehold Improvements	\$ 14,500	-
Site Improvements	6,699	15
Buildings	1,688,156	40
Furnishings & Equipment	28,096	5
	<u>\$ 1,737,451</u>	

5. CASUALTY LOSS – WATER DAMAGE

On January 2, 2018, one of the Partnership's units (E-2) was significantly damaged when a water pipe froze and burst. The Partnership received insurance proceeds of \$38,837 and spent \$39,837 to restore the unit. The Partnership has removed the depreciated cost basis for the damaged building from fixed assets and has reflected a casualty loss on the Statement of Operations for the difference between the proceeds received and the depreciated cost basis of the building. The costs incurred to restore the building have been capitalized to buildings. The restoration work was completed and the building was ready for occupancy on May 22, 2018.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

6. LONG-TERM DEBT

Long-term debt consists of the following:

	2018	
	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	\$ 159
	\$ 336,158	\$ 159

Maturities of long-term debt are as follows:

2019 - 2023	\$ -
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.

7. 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.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

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, 2018 the Partnership owed \$0 for property management fees. No administrative overhead fees were charged or are owed as of December 31, 2018.

During the course of operations, the General Partner advanced funds or paid for services on behalf of the Partnership. At December 31, 2018 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, 2018.

During 2016 the General Partner was awarded a grant from the American Indian College Fund's Traditional Native Arts and Energy/Water Infrastructure Program. The General Partner utilized \$97,000 of these funds to purchase new windows for the tax credit project units. The windows have been capitalized as additions to buildings and the payment for the windows has been reflected as a General Partner capital contribution.

8. 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, 2018, subsidy income of \$60,250 was recorded. As of December 31, 2018, the Sitting Bull College owed the Partnership \$4,024.

9. 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.

SITTING BULL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2019

10. 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, 2018 the replacement reserve was adequately funded.

11. 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.

12. 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:

	2018
Net loss per financial statements	\$ (117,880)
Tax depreciation and amortization less than (in excess of) book	(13,729)
Book to tax difference in calculation of gain (loss) on casualty event	6,930
Bad debts	1
Net loss per tax return	\$ (124,678)

NOTE 18 SUBSEQUENT EVENTS

On December 31, 2019, Sitting Bull College acquired Sitting Bull College Limited Partnership #1 (discretely presented component unit of the College as of June 30, 2019) for a purchase price of \$12,500. Intercompany notes receivables/payables and due to's and due from's will be eliminated in subsequent years financial statements.

Subsequent events have been evaluated through February 6, 2020, which is the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2019

	(001) GENERAL FUND	(010) STUDENT STIPEND	(020) STUDENT ACTIVITIES	(102) PELL	(103) SEOG
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,084,455	\$ 7,563	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-
Accounts receivable, net	7,230	-	-	-	-
Certificates of deposit	500,000	-	-	-	-
Investments - restricted	-	-	-	-	-
Due from (to) other funds	267,921	16,956	5,038	(28,999)	(20,796)
Due from grantor agencies	-	-	-	28,999	20,796
Due from (to) component unit	143,408	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-
Inventories	-	-	-	-	-
Total current assets	2,003,014	24,519	5,038	-	-
Non-current assets:					
Investments restricted for endowment	-	-	-	-	-
Capital assets, net	-	-	-	-	-
Total non-current assets	-	-	-	-	-
TOTAL ASSETS	2,003,014	24,519	5,038	-	-
LIABILITIES					
Current liabilities:					
Accounts payable	243,203	-	-	-	-
Unearned revenue	-	24,519	-	-	-
Accrued compensation and vacation	318,415	-	-	-	-
Accrued retirement	221,862	-	-	-	-
Due to student activities	-	-	5,038	-	-
TOTAL CURRENT LIABILITIES	783,480	24,519	5,038	-	-
NET POSITION	\$ 1,219,534	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

ASSETS	(104) WORK STUDY	(105) INTERNSHIP PROGRAM	(106) EMERGENCY AID	(112) TITLE III PART A	(113) TITLE III PART F	(122) STUDENT SUPPORT (TRIO)
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(11,294)	18,328	9,198	(125,318)	(222,659)	(69,671)
Due from grantor agencies	11,294	-	-	125,318	222,659	69,671
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	18,328	18,328	9,198	-	-	-
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-
TOTAL ASSETS	18,328	18,328	9,198	-	-	-
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	18,328	9,198	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	18,328	18,328	9,198	-	-	-
NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

ASSETS	(132) TNA	(139) FEDERAL VOCATIONAL EDUCATION	(146) LANGUAGE IMMERSION	(150) BOOKSTORE	(151) LAK/DAK LANGUAGE PROJECT	(152) EMPOWER YV
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	-	72,948	-	8,707	-	22,097
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(30,585)	(72,948)	(16,613)	140,002	(12,209)	(22,097)
Due from grantor agencies	30,585	-	16,613	-	12,209	-
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	83,608	-	-
Total current assets	-	-	-	232,317	-	-
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-
TOTAL ASSETS	-	-	-	232,317	-	-
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	-	-	-	-	-	-
NET POSITION	-	-	-	232,317	-	-

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(153) LAKOTA LANGUAGE	(154)	NEH	(155) NATIONS	FIRST NATIONS	(156) NATIONS NAM	(201) ADULT BASIC EDUCATION	(206) AG EQUITY
ASSETS								
Current assets:								
Cash and cash equivalents	\$ -	\$ -	-	\$ -	-	-	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	23,121	-	-	78,645	-	-	-
Certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Due from (to) other funds	(1,920)	(23,121)	-	28,875	(78,645)	54,601	(9,079)	9,079
Due from grantor agencies	1,920	-	-	-	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total current assets	-	-	-	28,875	-	54,601	-	-
Non-current assets:								
Investments restricted for endowment	-	-	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-	-	-
TOTAL ASSETS				28,875		54,601		
LIABILITIES								
Current liabilities:								
Accounts payable	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	28,875	-	54,601	-	-
Accrued compensation and vacation	-	-	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES				28,875		54,601		
NET POSITION				\$ -		\$ -		\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(207) USGS/DOI	(208) AIHEC CLIMATE CHANGE	(209) STEAM	(210) LIMITED PARTNERSHIP	(211) ENDOWMENT TRUST FUNDS	(215) AICF BUILDING SUSTAINABLE PATHWAYS
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 29,896	\$ -
Cash and cash equivalents - restricted	-	-	-	-	88,592	-
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	172,837	-
Due from (to) other funds	(31,999)	4,977	-	-	175,216	-
Due from grantor agencies	31,999	-	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	336,158	-	-
Inventories	-	-	-	-	-	-
Total current assets	-	4,977	-	336,158	466,541	-
Non-current assets:						
Investments restricted for endowment	-	-	-	-	1,210,575	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	-	-	1,210,575	-
TOTAL ASSETS	-	4,977	-	336,158	1,677,116	-
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	108	-	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	-	108	-	-	-	-
NET POSITION	\$ -	\$ 4,869	\$ -	\$ 336,158	\$ 1,677,116	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(216) INDIGENOUS ARTS ECOLOGY	(306) NA TRADITIONAL ART	(307) EMBRY SCHOLARSHIP	(308) NARCH	(309) SD HEALING PROJECT	(310) VOCATIONAL REHAB
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	19,613	31,993	-	(8,399)	8,261	81
Due from grantor agencies	-	-	-	8,399	-	-
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	19,613	31,993	-	-	8,261	81
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-
TOTAL ASSETS	19,613	31,993	-	-	8,261	81
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	19,613	31,993	-	-	8,261	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	19,613	31,993	-	-	8,261	-
NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(311) VOCATIONAL REHAB	(314) INDIAN HOUSING ASSISTANCE	(323) LAND GRANT FUNDS	(324) USDA CARE	(330) KEEPSEAGLE	(333) HEALTH STATUS
ASSETS						
Current assets:						
Cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(117,069)	-	103,158	(18,900)	492,798	(53,258)
Due from grantor agencies	117,069	-	-	18,900	-	53,258
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	-	-	103,158	-	492,798	-
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-
TOTAL ASSETS	-	-	103,158	-	492,798	-
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	103,158	-	399,998	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	-	-	103,158	-	399,998	-
NET POSITION	-	-	-	-	92,800	-

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	(7,508)	(162,890)	-	(82,511)	(30,421)	80
Due from grantor agencies	7,508	162,890	-	82,997	30,918	-
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	-	-	-	486	497	80
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-
TOTAL ASSETS	-	-	-	486	497	80
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	486	497	80
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	-	-	-	486	497	80
NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

ASSETS	(417) FEDERAL TRANSIT	(418) FEDERAL TRANSIT 2	(500) MISC GRANTS	(505) TCU - ROI	(510) SBC VISITOR CENTER	(520) SBC LABORATORIES
Current assets:						
Cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	-	(87,499)	-	9,245	(2,104)	24,038
Due from grantor agencies	-	87,499	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	-	-	-	9,245	(2,104)	24,038
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-
TOTAL ASSETS	-	-	-	9,245	(2,104)	24,038
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	9,245	-	24,117
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	-	-	-	9,245	-	24,117
NET POSITION	-	-	-	-	(2,104)	\$ (79)

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(529) YOUTH OUTREACH	(530) BUSINESS INCUBATOR	(531) CREDIT COUNSELING	(532) FINANCIAL ASSISTANCE	(533) AICF - ARTS	(540) TRANSPORT PROGRAM
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	-	2,508	-	-	-	2,507
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	-	(45,639)	6,400	-	625	48,195
Due from grantor agencies	-	-	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	-	(43,131)	6,400	-	625	50,702
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-
TOTAL ASSETS	-	(43,131)	6,400	-	625	50,702
LIABILITIES						
Current liabilities:						
Accounts payable	-	1,725	-	-	-	-
Unearned revenue	-	-	6,400	-	625	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
Total CURRENT LIABILITIES	-	1,725	6,400	-	625	-
NET POSITION	\$ -	\$ (44,856)	\$ -	\$ -	\$ -	\$ 50,702

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(550) CONSTRUCTION FUND	(551) ND HOUSING AGENCY	(560) SBC TECH, INC.	(570) SBC BISON	(580) SBC DAYCARE	(585) IMMERSION NEST
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	12,193	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from (to) other funds	55,999	-	17,081	102,684	(5,347)	67,831
Due from grantor agencies	-	-	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>55,999</u>	<u>-</u>	<u>17,081</u>	<u>102,684</u>	<u>6,846</u>	<u>67,831</u>
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>55,999</u>	<u>-</u>	<u>17,081</u>	<u>102,684</u>	<u>6,846</u>	<u>67,831</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	207	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>207</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ 55,999</u>	<u>\$ -</u>	<u>\$ 16,874</u>	<u>\$ 102,684</u>	<u>\$ 6,846</u>	<u>\$ 67,831</u>

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(590) STUDENT APARTMENTS	(600) MISC. CATEGORY	(601) SCHOLARSHIP FUND	(602) INTERNAL SCHOLARSHIPS	(603) SPIRIT RIDERS	(610) CSN/ AMERICORP
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,125	\$ -	\$ 2,293	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	-	-	-	-	-	-
Accounts receivable, net	5,130	2,211	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Investments	-	-	51,921	-	-	-
Due from (to) other funds	(6,611)	(36,053)	(66,979)	20,546	-	-
Due from grantor agencies	-	37,759	-	-	-	-
Due from (to) component unit	-	-	-	-	-	-
Note receivable - component unit, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	644	3,917	(12,755)	20,546	-	-
Non-current assets:						
Investments restricted for endowment	-	-	175,389	-	-	-
Capital assets, net	-	-	-	-	-	-
Total non-current assets	-	-	175,389	-	-	-
TOTAL ASSETS	644	3,917	162,624	20,546	-	-
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	3,917	-	-	-	-
Accrued compensation and vacation	-	-	-	-	-	-
Accrued retirement	-	-	-	-	-	-
Due to student activities	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	-	3,917	-	-	-	-
NET POSITION	644	\$ -	\$ 162,624	\$ 20,546	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF NET POSITION - CONTINUED
JUNE 30, 2019

	(611) AMERICORPS	(637) TCUP 2	(646) PEEC 2	(671) TREND 2	ELIMINATION	TOTAL
ASSETS						
Current assets:						
Cash and cash equivalents	-	-	-	-	-	\$ 1,126,332
Cash and cash equivalents - restricted	-	-	-	-	-	88,592
Accounts receivable, net	25,466	-	-	-	-	262,763
Certificates of deposit	-	-	-	-	-	500,000
Investments - restricted	-	-	-	-	-	224,758
Due from (to) other funds	(25,466)	(136,952)	(58,181)	-	-	-
Due from grantor agencies	-	136,952	58,181	-	-	1,383,472
Due from (to) component unit	-	-	-	-	-	143,408
Note receivable - component unit, net	-	-	-	-	-	336,158
Inventories	-	-	-	-	-	83,608
Total current assets	-	-	-	-	-	4,149,091
Non-current assets:						
Investments restricted for endowment	-	-	-	-	-	1,385,964
Capital assets, net	-	-	-	-	19,024,300	19,024,300
Total non-current assets	-	-	-	-	19,024,300	20,410,264
TOTAL ASSETS	-	-	-	-	19,024,300	24,559,355
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	-	-	244,928
Unearned revenue	-	-	-	-	-	744,019
Accrued compensation and vacation	-	-	-	-	-	318,622
Accrued retirement	-	-	-	-	-	221,862
Due to student activities	-	-	-	-	-	5,038
Total CURRENT LIABILITIES	-	-	-	-	-	1,534,469
NET POSITION	-	-	-	-	\$ 19,024,300	\$ 23,024,886

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	(001) GENERAL FUND	(010) STUDENT STIPEND	(020) STUDENT ACTIVITIES	(102) PELL	(103) SEOG
OPERATING REVENUES					
Federal	\$ 2,008,720	\$ -	\$ -	\$ 945,685	\$ 25,241
State	14,263	-	-	-	-
Local / other	1,193,839	-	-	-	-
Indirect	500,904	-	-	-	-
TOTAL OPERATING REVENUES	3,717,726	-	-	945,685	25,241
OPERATING EXPENSES					
Student aid	1,150	-	-	942,935	25,241
Salaries	1,782,591	-	-	-	-
Payroll taxes	140,305	-	-	-	-
Employee benefits	328,752	-	-	-	-
Travel and training	91,576	-	-	-	-
Supplies	242,262	-	-	-	-
Repairs and maintenance	76,408	-	-	-	-
Equipment	218,231	-	-	-	-
Other operating	788,279	-	-	-	-
Depreciation	-	-	-	-	-
Indirect	-	-	-	2,750	-
TOTAL OPERATING EXPENSES	3,669,554	-	-	945,685	25,241
OPERATING INCOME (LOSS)	48,172	-	-	-	-
NON-OPERATING REVENUES					
Investment income (loss)	20,411	-	-	-	-
Federal capital grants	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-
Transfers from (to) other funds	(222,040)	-	-	-	-
TOTAL NON-OPERATING REVENUES	(201,629)	-	-	-	-
CHANGE IN NET POSITION	(153,457)	-	-	-	-
NET POSITION AT BEGINNING OF YEAR	1,372,991	-	-	-	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	1,372,991	-	-	-	-
NET POSITION AT END OF YEAR	\$ 1,219,534	\$ -	\$ -	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(104) WORK STUDY	(105) INTERNSHIP PROGRAM	(106) EMERGENCY AID	(112) TITLE III PART A	(113) TITLE III PART F	(122) STUDENT SUPPORT TRIO
OPERATING REVENUES						
Federal	\$ 7,810	-	\$ -	\$ 471,178	\$ 703,818	\$ 229,507
State	-	-	-	-	-	-
Local / other	-	45,108	15,864	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	7,810	45,108	15,864	471,178	703,818	229,507
OPERATING EXPENSES						
Student aid	-	-	9,864	-	-	-
Salaries	7,810	26,358	-	339,435	270,497	151,414
Payroll taxes	-	2,084	-	25,171	20,954	11,845
Employee benefits	-	-	-	62,441	56,030	30,776
Travel and training	-	-	-	21,600	130,203	11,112
Supplies	-	-	-	17,846	59,865	1,240
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	4,685	55,745	-
Other operating	-	-	-	-	110,524	6,120
Depreciation	-	-	-	-	-	-
Indirect	-	16,666	6,000	-	-	17,000
TOTAL OPERATING EXPENSES	7,810	45,108	15,864	471,178	703,818	229,507
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	-	-	-	-	-	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	-	-	-
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, 2019

	(132) TNA	(139) FEDERAL VOCATIONAL EDUCATION	(146) LANGUAGE IMMERSION	(150) BOOKSTORE	(151) LAK/DAK LANGUAGE PROJECT	(152) EMPOWER YV
OPERATING REVENUES						
Federal	\$ 197,086	\$ 464,412	\$ 110,774	\$ -	\$ 12,210	\$ 97,660
State	-	-	-	-	-	-
Local / other	-	-	-	510,083	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	197,086	464,412	110,774	510,083	12,210	97,660
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	36,559	171,773	56,209	61,216	9,752	59,847
Payroll taxes	2,590	12,717	4,437	4,739	281	5,328
Employee benefits	7,522	27,595	9,749	10,912	-	16,840
Travel and training	-	2,977	6,946	5	1,067	1,148
Supplies	459	7,723	925	3,405	-	14,497
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	39,873	-	-	-	-
Other operating	145,943	178,058	24,813	408,913	-	-
Depreciation	-	-	-	-	-	-
Indirect	4,013	23,696	7,695	-	1,110	-
TOTAL OPERATING EXPENSES	197,086	464,412	110,774	489,190	12,210	97,660
OPERATING INCOME (LOSS)	-	-	-	20,893	-	-
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	-	-	-	20,893	-	-
NET POSITION AT BEGINNING OF YEAR	-	-	-	211,424	-	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	211,424	-	-
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ 232,317	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(153) LAKOTA LANGUAGE	(154)	NEH	(155) FIRST NATIONS	(156) FIRST NATIONS NAM	(201) ADULT BASIC EDUCATION	(206) AG EQUITY
OPERATING REVENUES	\$ 9,525	\$ 48,121	\$ -	\$ -	\$ -	\$ 40,533	\$ 99,859
Federal	-	-	-	-	-	-	-
State	-	17,233	-	55,082	160,196	-	-
Local / other	-	-	-	-	-	-	-
Indirect	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	9,525	65,354	55,082	160,196	40,533	99,859	
OPERATING EXPENSES							
Student aid	-	6,630	-	-	-	-	-
Salaries	6,600	22,305	40,895	57,399	26,624	43,739	
Payroll taxes	519	1,758	3,199	5,324	2,699	3,345	
Employee benefits	300	248	5,344	7,128	700	10,067	
Travel and training	-	2,344	-	51,871	(748)	775	
Supplies	-	4,795	-	2,476	4,031	19,014	
Repairs and maintenance	-	-	-	-	-	-	-
Equipment	-	-	637	1,846	-	5,550	
Other operating	408	20,627	-	6,800	-	-	
Depreciation	-	-	-	-	-	-	-
Indirect	1,698	6,647	5,007	27,352	7,227	17,369	
TOTAL OPERATING EXPENSES	9,525	65,354	55,082	160,196	40,533	99,859	
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	-	-	-	-	-	-	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	-	-	-	-
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, 2019

	(207) USGS/DOI	(208) AIHEC CLIMATE CHANGE	(209) STEAM	(210) LIMITED PARTNERSHIP	(211) ENDOWMENT TRUST FUNDS	(215) AICF BUILDING SUSTAINABLE PATHWAYS
OPERATING REVENUES						
Federal	\$ 117,800	\$ -	\$ -	\$ -	\$ 21,234	\$ -
State	-	-	-	-	-	-
Local / other	-	13,323	2	-	-	96
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	117,800	13,323	2	-	21,234	96
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	72,335	-	-	-	-	-
Payroll taxes	6,281	-	-	-	-	-
Employee benefits	3,943	-	-	-	-	-
Travel and training	1,868	-	-	-	-	-
Supplies	30,260	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	3,113	11,454	-	94,837	7,215	-
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	117,800	11,454	-	94,837	7,215	-
OPERATING INCOME (LOSS)	-	1,869	2	(94,837)	14,019	96
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	94,837	62,150	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	3,000	(2)	-	-	(96)
TOTAL NON-OPERATING REVENUES	-	3,000	(2)	94,837	62,150	(96)
CHANGE IN NET POSITION	-	4,869	-	-	76,169	-
NET POSITION AT BEGINNING OF YEAR	-	-	-	336,158	1,600,947	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	336,158	1,600,947	-
NET POSITION AT END OF YEAR	\$ -	\$ 4,869	\$ -	\$ 336,158	\$ 1,677,116	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(216) INDIGENOUS ARTS ECOLOGY	(306) NA TRADITIONAL ART	(307) EMBRY SCHOLARSHIP	(308) NARCH	(309) SD HEALING PROJECT	(310) VOCATIONAL REHAB
OPERATING REVENUES						
Federal	\$ 387	\$ 13,007	\$ -	\$ 45,246	\$ -	\$ -
State	-	-	-	-	-	-
Local / other	-	10,552	316	-	-	81
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	387	23,559	316	45,246	-	81
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	304	1,998	-	14,900	-	-
Payroll taxes	23	770	-	1,580	-	-
Employee benefits	60	252	-	845	-	-
Travel and training	-	4,933	-	1,442	-	-
Supplies	-	9,183	-	7,946	-	-
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	-	6,423	-	13,561	-	-
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	4,972	-	-
TOTAL OPERATING EXPENSES	387	23,559	-	45,246	-	-
OPERATING INCOME (LOSS)	-	-	316	-	-	81
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	(316)	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	(316)	-	-	-
CHANGE IN NET POSITION	-	-	-	-	-	81
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(311) VOCATIONAL REHAB	(314) INDIAN HOUSING ASSISTANCE	(323) LAND GRANT FUNDS	(324) USDA CARE	(330) KEEPSEAGLE	(333) HEALTH STATUS
OPERATING REVENUES						
Federal	\$ 449,213	\$ -	\$ 49,291	\$ 157,505	\$ 149,398	\$ 100,984
State	-	-	-	-	-	-
Local / other	-	-	-	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	449,213	-	49,291	157,505	149,398	100,984
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	186,979	-	4,813	22,529	26,448	57,490
Payroll taxes	15,550	-	286	289	2,063	4,388
Employee benefits	42,808	-	852	83	6,598	2,148
Travel and training	58,215	-	-	6,114	245	3,833
Supplies	19,550	-	14,708	-	1,616	6,002
Repairs and maintenance	2,088	-	-	-	-	-
Equipment	2,157	-	-	9,500	141	9,117
Other operating	61,953	-	28,632	90,906	-	-
Depreciation	-	-	-	-	-	-
Indirect	59,913	-	-	28,084	19,487	18,006
TOTAL OPERATING EXPENSES	449,213	-	49,291	157,505	56,598	100,984
OPERATING INCOME (LOSS)	-	-	-	-	92,800	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	507	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	(507)	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-	92,800	-
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 92,800	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(334) ADVANCED STEM	(401) STATE VOCATIONAL EDUCATION	(404) TOYOTA STEM	(411) TRANSPORT NORTH DAKOTA	(413) TRANSPORT SOUTH DAKOTA	(414) TRANSIT
OPERATING REVENUES						
Federal	\$ 33,023	\$ 162,890	-	\$ 251,491	\$ 95,150	\$ -
State	-	-	-	77,741	25,477	-
Local / other	-	-	15,000	42,952	66,599	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	33,023	162,890	15,000	372,184	187,226	-
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	22,277	127,402	-	227,773	102,518	-
Payroll taxes	1,702	11,298	-	17,081	9,637	-
Employee benefits	1,091	16,075	-	48,199	22,167	-
Travel and training	2,065	-	-	28,616	3,146	-
Supplies	-	-	-	9,281	5,639	-
Repairs and maintenance	-	-	-	53,807	4,114	-
Equipment	-	-	-	380	-	-
Other operating	-	-	-	17,047	40,005	-
Depreciation	-	-	-	-	-	-
Indirect	5,888	8,115	-	-	-	-
TOTAL OPERATING EXPENSES	33,023	162,890	-	402,184	187,226	-
OPERATING INCOME (LOSS)	-	-	15,000	(30,000)	-	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	(15,000)	30,000	-	-
TOTAL NON-OPERATING REVENUES	-	-	(15,000)	30,000	-	-
CHANGE IN NET POSITION	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	-	-	-
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, 2019

	(417) FEDERAL TRANSIT	(418) FEDERAL TRANSIT 2	(500) MISC GRANTS	(505) TCU-ROI	(510) SBC VISITOR CENTER	(520) SBC LABORATORIES
OPERATING REVENUES						
Federal	\$ 111,107	\$ 402,661	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	-
Local / other	-	4,866	16,444	30,537	8,034	19,490
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	111,107	407,527	16,444	30,537	8,034	19,490
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	-	176,255	7,785	25,560	-	8,486
Payroll taxes	-	15,048	1,102	1,989	-	1,129
Employee benefits	-	39,915	283	1,225	-	264
Travel and training	-	-	-	-	-	-
Supplies	-	-	5,104	1,763	-	21,746
Repairs and maintenance	-	18,121	-	-	-	-
Equipment	111,107	79,575	-	-	6,852	-
Other operating	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Indirect	-	78,613	2,170	-	-	-
TOTAL OPERATING EXPENSES	111,107	407,527	16,444	30,537	6,852	31,625
OPERATING INCOME (LOSS)	-	-	-	-	1,182	(12,135)
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	-	-	-	-	1,182	(12,135)
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	(3,286)	12,056
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	-	(3,286)	12,056
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ (2,104)	\$ (79)

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(528) YOUTH OUTREACH	(530) BUSINESS INCUBATOR	(531) CREDIT COUNSELING	(532) FINANCIAL ASSISTANCE	(533) AICF - ARTS	(540) TRANSPORT PROGRAM
OPERATING REVENUES						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	-
Local / other	7,991	15,329	15,600	32,776	4,747	121,412
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	7,991	15,329	15,600	32,776	4,747	121,412
OPERATING EXPENSES						
Student aid	-	-	-	-	-	-
Salaries	-	11,477	-	17,231	-	13,251
Payroll taxes	-	874	-	1,474	-	1,035
Employee benefits	-	2,761	-	2,836	-	563
Travel and training	4,000	-	-	9,300	-	-
Supplies	-	-	-	609	-	355
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	3,991	-	15,600	1,326	4,747	69,296
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	7,991	15,112	15,600	32,776	4,747	84,500
OPERATING INCOME (LOSS)	-	217	-	-	-	36,912
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	-	217	-	-	-	36,912
NET POSITION AT BEGINNING OF YEAR	-	(45,073)	-	-	-	13,790
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	(45,073)	-	-	-	13,790
NET POSITION AT END OF YEAR	\$ -	\$ (44,856)	\$ -	\$ -	\$ -	\$ 50,702

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(550) CONSTRUCTION FUND	(551) ND HOUSING AGENCY	(560) SBC TECH, INC.	(570) SBC BISON	(580) SBC DAYCARE	(585) IMMERSION NEST
OPERATING REVENUES						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	9,237	-	-	12,286	-
Local / other	-	-	770	54,468	93,525	110,937
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	-	9,237	770	54,468	105,811	110,937
OPERATING EXPENSES						
Student aid	-	-	-	-	-	34,655
Salaries	-	-	-	-	221,617	68,195
Payroll taxes	-	-	-	-	17,186	5,275
Employee benefits	-	-	-	-	53,566	11,739
Travel and training	-	-	-	-	144	416
Supplies	-	-	722	-	17,830	1,804
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	6,464	-	-	37,994	2,820	4,667
Depreciation	-	-	-	-	-	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	6,464	-	722	37,994	313,163	126,751
OPERATING INCOME (LOSS)	(6,464)	9,237	48	16,474	(207,352)	(15,814)
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	(9,237)	-	-	214,198	-
TOTAL NON-OPERATING REVENUES	-	(9,237)	-	-	214,198	-
CHANGE IN NET POSITION	(6,464)	-	48	16,474	6,846	(15,814)
NET POSITION AT BEGINNING OF YEAR	62,463	-	16,826	86,210	-	83,645
NET POSITION AT BEGINNING OF YEAR, RESTATED	62,463	-	16,826	86,210	-	83,645
NET POSITION AT END OF YEAR	\$ 55,999	\$ -	\$ 16,874	\$ 102,684	\$ 6,846	\$ 67,831

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(590) STUDENT APARTMENTS	(600) MISC. CATEGORY	(601) SCHOLARSHIP FUND	(602) INTERNAL SCHOLARSHIPS	(603) SPIRIT RIDERS	(610) CSN/ AMERICORP
OPERATING REVENUES						
Federal	\$ -	\$ 64,303	\$ -	\$ -	\$ -	\$ 24,535
State	-	-	-	-	-	-
Local / other	44,136	2,211	(375)	53,572	(1,305)	-
Indirect	-	-	-	-	-	-
TOTAL OPERATING REVENUES	44,136	66,514	(375)	53,572	(1,305)	24,535
OPERATING EXPENSES						
Student aid	-	-	-	33,672	-	-
Salaries	17,350	28,189	-	-	-	11,491
Payroll taxes	1,162	2,393	-	-	-	552
Employee benefits	2,820	479	-	-	-	98
Travel and training	-	4,638	-	-	-	2,213
Supplies	-	2,360	-	-	-	9,260
Repairs and maintenance	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other operating	46,104	21,150	1,976	-	-	-
Depreciation	-	-	-	-	-	-
Indirect	-	7,305	-	-	-	921
TOTAL OPERATING EXPENSES	67,436	66,514	1,976	33,672	-	24,535
OPERATING INCOME (LOSS)	(23,300)	-	(2,351)	19,900	(1,305)	-
NON-OPERATING REVENUES						
Investment income (loss)	-	-	11,964	-	-	-
Federal capital grants	-	-	-	-	-	-
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	352	(352)	-	-
TOTAL NON-OPERATING REVENUES	-	-	12,316	(352)	-	-
CHANGE IN NET POSITION	(23,300)	-	9,965	19,548	(1,305)	-
NET POSITION AT BEGINNING OF YEAR	23,944	-	(64,367)	998	1,305	-
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	217,026	-	-	-
NET POSITION AT BEGINNING OF YEAR, RESTATED	23,944	-	152,659	998	1,305	-
NET POSITION AT END OF YEAR	\$ 644	\$ -	\$ 162,624	\$ 20,546	\$ -	\$ -

SITTING BULL COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	(611) AMERICORPS	(637) TCUP 2	(646) PEEC 2	(671) TREND 2	ELIMINATION	TOTAL
OPERATING REVENUES						
Federal	\$ 74,745	\$ 491,624	\$ 222,893	\$ 14,340	\$ -	\$ 8,524,966
State	-	-	-	-	-	139,004
Local / other	-	-	-	-	(942,935)	1,838,556
Indirect	-	-	-	-	(500,904)	-
TOTAL OPERATING REVENUES	74,745	491,624	222,893	14,340	(1,443,839)	10,502,526
OPERATING EXPENSES						
Student aid	-	22,368	4,723	-	(942,935)	138,303
Salaries	52,296	278,371	126,867	10,808	-	5,114,018
Payroll taxes	4,458	21,467	9,828	884	-	404,099
Employee benefits	289	48,497	21,668	2,648	-	909,176
Travel and training	15,557	20,224	15,571	-	-	503,416
Supplies	543	17,025	5,128	-	-	566,972
Repairs and maintenance	-	-	-	-	-	154,538
Equipment	-	-	-	-	(364,227)	94,742
Other operating	975	-	207	-	-	2,369,375
Depreciation	-	-	-	-	1,317,126	1,317,126
Indirect	627	83,672	38,901	-	(500,904)	-
TOTAL OPERATING EXPENSES	74,745	491,624	222,893	14,340	(490,940)	11,571,765
OPERATING INCOME (LOSS)	-	-	-	-	(952,899)	(1,069,239)
NON-OPERATING REVENUES						
Investment income (loss)	-	-	-	-	-	189,362
Federal capital grants	-	-	-	-	-	507
Loss on disposal of equipment	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	-	-	-	189,869
CHANGE IN NET POSITION	-	-	-	-	(952,899)	(879,370)
NET POSITION AT BEGINNING OF YEAR	-	-	-	-	19,977,199	23,687,230
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	-	-	-	-	-	217,026
NET POSITION AT BEGINNING OF YEAR, RESTATED	-	-	-	-	19,977,199	23,904,256
NET POSITION AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 19,024,300	\$ 23,024,886

SITTING BULL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<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	\$ 25,241
Federal Work-Study Program (FWS)		84.033	7,810
Federal Pell Grant Program (PELL)		84.063	945,685
Student Financial Aid Cluster			<u>978,736</u>
TRIO Cluster:			
TRIO - Student Support Services		84.042A	229,507
Title III - Higher Education Institutional Aid			
Native American Vocational - Technical Education Program		84.031T	1,324,997
Indian Education - Special Programs for Indian Children		84.101A	464,412
English Language Acquisition State Grants		84.299F	197,086
		84.365C	160,196
Passed through Standing Rock Sioux Tribe:			
Rehabilitation Services - American Indians with Disabilities	H250K150033	84.250F	449,213
Passed through ND Department of Career and Technical Education:			
Career & Technical Education	2058	84.101	* <u>162,890</u>
Total U.S. Department of Education			<u>3,967,037</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Formula Grants for Rural Areas - Tribal Transit		20.509	518,634
Passed through ND Department of Transportation:			
Formula Grants for Rural Areas - ND	38171099	20.509	251,491
Passed through SD Department of Transportation:			
Formula Grants for Rural Areas - SD	811506 / 811575	20.509	95,150
Total CFDA #20.509			<u>865,275</u>
Total U.S. Department of Transportation			<u>865,275</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through National Institute of Food and Agriculture:			
1890 Institution Capacity Building Grants	2017-68008-26281	10.216	157,505
Tribal Colleges Education Equity Grants	2015-38421-22010	10.221	99,858
Tribal Colleges Endowment Program	2016-38423-06923	10.222	49,291
	2015-47002-25517		
Cooperative Extension Service	2016-47002-25517	10.500	215,458
Total U.S. Department of Agriculture			<u>522,112</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, 2019

<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:			
TCU Endowment: Public Law 95-471	A16AP00052	15.028	\$ 520,216
Adult Education	A17AV00871	15.026	40,533
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>2,569,469</u>
NATIONAL SCIENCE FOUNDATION			
Tribal College & University Program		47.076	491,624
Tribal College & University Program - PEEC		47.076	222,893
Lakota Language Capacity Building Initiative		47.076	9,525
Model to Advance Native American STEM Faculty		47.076	33,023
Health Status of Ecosystem, Biodiversity and Species Abundance		47.076	<u>100,984</u>
Total CFDA #47.076 - Education and Human Resources			858,049
Passed through North Dakota State University:			
Office of Experimental Program to Stimulate Competitive Research	FAR0023657	47.083	<u>64,303</u>
Total National Science Foundation / Research and Development Cluster			<u>922,352</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES			
Humanities Connection		45.162	<u>60,331</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Americorps		95.006	<u>99,280</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Promote the Survival and Continuing Vitality of Native American Languages		93.587	110,774
Passed through Cankdeska Community College:			
Native American Research Centers for Health	U261IH50087-03-00	93.933	<u>45,246</u>
Total U.S. Department of Health and Human Services			<u>156,020</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>14,340</u>
Total Expenditures of Federal Awards			<u>\$ 9,176,216</u>

* Total for CFDA #84.101 = \$627,302

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, 2019

NOTE 1 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 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.

NOTE 2 INDIRECT COST RATE

Sitting Bull College has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3 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, 2019. 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 4 PASS THROUGH IDENTIFYING NUMBERS

Sitting Bull College received money passed through multiple grantor agencies. There were no pass-through numbers identified with the grants above that do not identify a pass-through identifying number.

NOTE 5 ENDOWMENTS

The cumulative amount of federal endowment funds received by the College as of June 30, 2019 is as follows:

Federal Program	CFDA	Amount
Higher Education Institutional Aid	84.031T	\$ 150,000
Tribally Controlled Community College Endowments	15.028	520,216
		<u>\$ 670,216</u>

NOTE 6 FINANCIAL STATEMENT RECONCILIATION

The total amount of federal revenues on the financial statements is \$8,525,473, which is made up of operating federal revenue of \$8,524,966 and non-operating federal capital grant revenue of \$507. This amount, plus prior year contributions to Federal endowments and related restricted earnings of \$649,573 and \$1,170 of program income from federal awards equals \$9,176,216 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, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated February 6, 2020. 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.

Our consideration of internal control was for the limited purpose described in the preceding 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a significant deficiency.

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 Responses to Findings

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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**

February 6, 2020

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, 2019. 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 for the year ended June 30, 2019.

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**

February 6, 2020

SITTING BULL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

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> x </u> yes	<u> </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:

Unmodified

Any audit findings disclosed that are Required to be reported in accordance with 2 CFR 200.516(a)?

 yes x no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

15.027	Assistance to Tribally Controlled Community Colleges
47.076 & 47.083	National Science Foundation – R&D Cluster
20.509	Formula Grants for Rural Areas

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

\$750,000

Auditee qualified as a low-risk auditee?

 yes x no

SITTING BULL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
JUNE 30, 2019

Section II - Financial Statement Findings

2019-001: Financial Statements and Adjusting Journal Entries Prepared by Auditor – Significant Deficiency

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, 2019. 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 2018-001 from the prior year.

SITTING BULL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
JUNE 30, 2019

2019-002: Reviewing and Reconciling Scholarship Funds – Material Weakness

Criteria

Non-exchange revenues and should be recognized as revenue once received.

Condition

The College was not reconciling unearned revenue for Fund 601, which is used for scholarship.

Cause

The College had a large unearned revenue balance dating back to 2007 for money received for scholarships that was awarded in prior years.

Effect

A prior period adjustment of \$217,026 was recorded to reduce unearned revenue and increase net position.

Recommendation

We recommend that scholarship funds are reviewed and reconciled on a timely basis.

Views of Responsible Officials

The College has worked with the auditors to clean up the scholarship account and make the necessary correcting entries.

Indication of Repeat Finding

This is a new finding in the current year.

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

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, 2019. 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.

Current Status

Finding 2018-001 is repeated again as finding 2019-001.



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Corrective Action Plan – June 30, 2019

2019-001

Contract 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 2020

Corrective Action Plan – June 30, 2019

2019-002

Contract Person
Dr. Koreen Ressler

Corrective Action Plan

Dr. Ressler has worked with the Auditors to clean up the scholarship account and make the necessary correcting entries.

Completion Date

Fiscal year 2019