



# FIRST NATIONS DEVELOPMENT INSTITUTE

EDUCATING • ADVOCATING • CAPITALIZING

**First Nations**

2009 Annual Report

# First Nations | 2009 Annual Report



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## Our Values |

We believe that when armed with the appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable, economic, spiritual and cultural well-being of their communities

## Our Mission |

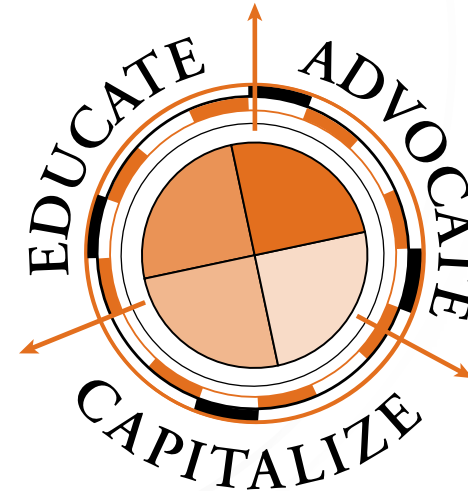
We invest in and create innovative institutions and models that strengthen asset control and support economic development for American Indian people and their communities.

## Our Three Focus Areas |

Institutional Capacity Building  
Tribal Community & Economic Development  
Family Economic Security

## Our Three Strategies |

We Educate Grassroots Practitioners  
We Advocate Systemic Change  
We Capitalize American Indian Communities





## 2009 Chairman's Letter

Dear Friends,

It is an honor for me as Chairman of the Board of Directors of First Nations Development Institute to present our 2009 annual report. This document not only reflects the past year's accomplishments but also demonstrates the steadfast commitment of First Nations – with your partnership and support – to serve Native people and Tribal Nations in the future.

As we soon will mark our 30<sup>th</sup> anniversary, First Nations and our partners face an incredibly difficult economic environment that has tested this commitment to building and strengthening Native economies. The very fact that First Nations' work continues to have a positive impact during such times can be attributed to our partners and supporters, as well as to fiscally responsible leadership that has enabled the organization to weather the economic storm.

In reading this report, I invite you to learn more about our work in **Institutional Capacity Building**, **Tribal Community & Economic Development**, and **Family Economic Security**. Last year, we hosted our first ever Native Asset-Building Institute for Tribal and non-profit organizational participants. To promote

additional learning, First Nations also awarded \$160,000 in seed grants to support formal Tribe-to-Tribe peer mentoring relationships involving eight different groups nationwide.

In late 2009, First Nations received an \$800,000 grant under the American Recovery and Reinvestment Act to build the capacity of Native non-profit organizations working to address broad economic recovery issues in Native communities. More than half of the resources from the Strengthening Communities Fund of the U.S. Department of Health and Human Services will target rural and reservation-based communities.

Grantmaking and capacity-building continued on other fronts as well. The Native Youth and Culture Fund (NYCF) made awards to more than two dozen organizations, and a NYCF Summit offered grantees knowledge and tools designed to support long-term program sustainability. Meanwhile, the Leadership and Entrepreneurial Apprenticeship Development (LEAD) Program entered its fourth year of targeting young Native non-profit professionals in Portland, Seattle and Colorado, with the goal of helping them become the next generation of non-profit leaders.





Finally, First Nations released three key publications that underscore our commitment to education and advocacy as well as to asset-building in Indian Country. The first, *Borrowed Time: Use of Refund Anticipation Loans among EITC Filers in Native Communities*, examined a critical issue relative to family economic interests – short-term, high-interest loans. Two other reports addressed Tribal Community & Economic Development: *Native American Asset Watch: Rethinking Asset-Building in Indian Country* and *Native Asset-Building Coalitions: Promising Practices & Sustainability*, which shares lessons from First Nations' work with coalitions in Arizona, Oklahoma and the Northwest.

While these milestones and activities demonstrate a great deal of success in 2009, clearly the work is far from over. We must continue to support grassroots economic development initiatives for asset control across Indian Country. Our efforts reach beyond partnering with Native Nations to strengthen governmental management of Tribal assets; asset control at the individual and entrepreneurial level is equally important. In pledging to maintain a steady course, I am confident that by continuing our work on behalf of Native people and Tribal Nations we

will continue to push the envelope of sustainable economic development efforts for asset control in Indian Country.

On behalf of the board and staff of First Nations Development Institute, I humbly thank all of the individuals, organizations and Tribes that continue to make our work possible through your generous support.

Sincerely,



B. Thomas Vigil (*Jicarilla Apache/Jemez Pueblo*)  
Chairman  
Board of Directors  
First Nations Development Institute

## President's Message

### “Assuming the Names and Gestures, but Holding on to Our Own, Secret Souls”

When the leaders of First Nations Development Institute surveyed the economic landscape of Indian Country’s reservation economies nearly 30 years ago, they saw the three-legged stool that would normally be the sign of a healthy economy listing heavily. Two legs were under-developed, with most reservation economies largely dominated by the government sector (federal and Tribal government) and with the other legs – the for-profit/entrepreneurial sector and an accompanying non-profit sector – weak or nonexistent.

This economic reality did not occur by happenstance, but by design. Indian reservations then (and even now) were fashioned like the original colonies – a “piggy bank” to tap into when natural resources were needed. These appropriated assets helped to create one of the world’s wealthiest economies, while leaving a negative imprint on American Indians’ economic and social condition. The result was that this country’s indigenous peoples did not enjoy the same human rights to life, liberty, and the pursuit of happiness afforded non-Indian citizens.

Further, the economic development strategies the U.S. government forced on reservation communities

looked like the worst of Soviet-style centralization – a “one-size-fits-most” model that failed to account for the geographic, demographic and cultural conditions unique to each of more than 560 Tribes. Magnifying their failure to recognize that economic success should be driven by local thinking and local control, the government agents, with their paternalistic mind set, did not believe that Indian communities had the wherewithal to create anything of value themselves.

In light of this history, First Nations believes that control of one’s economic destiny applies to all people equally. We also believe that sharp vigilance and timely intervention now can turn around 250 years of disenfranchisement of American Indian peoples in controlling their own economies. In the language of the economic development field, First Nations is working to “round out” the economies of reservation communities by strengthening the three sectors of government, for-profit and non-profit, and by beginning to utilize philanthropy as the fourth sector.

First Nations seeks to increase economic security in Indian Country by fostering culturally appropriate economic development initiatives on reservations and in rural Native communities:



First, as a grantmaker, First Nations provides financial support to projects that encourage innovative development and reflect the cultural and social values of Native communities, especially the sustainable use of resources for subsequent generations. As a “community foundation” for all of Indian Country, First Nations awards grants through a cadre of donor-advised, donor-designated and field-of-interest funds within our discretionary grantmaking program known as the Eagle Staff Fund.

Second, First Nations builds Tribal capacity so community organizations can utilize existing community assets and generate new ones. We do not believe that money is the sole solution to the challenges facing Indian Country; instead, we affirm the delivery of technical support as a necessary component to developing effective asset-building strategies. This support takes many forms: direct consultation with Tribes and Native organizations, regional training workshops, ongoing dissemination of educational materials, and national grantee convenings to share experiences and lessons learned.

Third, First Nations evaluates the specific methods used within Native community initiatives and the larger trends shaping the course of Indian Country to uncover systemic barriers to Native asset control and retention.

We research ways to implement solutions at the grassroots level to help communities overcome these barriers, and we link grassroots efforts to national policy initiatives that promote broad systemic reform. Our research and policy work amplifies Native voices within relevant policy forums and facilitates greater opportunities for economic reform and Tribal empowerment at the state and national level.

Finally, First Nations continually disseminates information to Tribes in order to share ideas gained from our research and other work in the field. We facilitate communication among Tribal leaders, members of the non-profit sector, fellow researchers, Native grassroots organizers, national policymakers and environmental advocacy groups. Our communication strategy helps promote Native issues and concerns within different sectors of society and provides a means to keep Indian Country abreast of pertinent trends, initiatives and findings affecting Native lives and communities.



Perhaps N. Scott Momaday articulated it best in writing, “They have assumed the names and gestures of their enemies, but have held on to their own, secret souls; and in this there is a resistance and an overcoming, a long outwaiting.”

We at First Nations Development Institute have a long history of working with Tribes and communities towards a greater understanding of money and finance. We must make Indian people the most financial- and investment-literate citizens in the United States, for we have too much at risk not to be. We are well aware that for Indian people, this is about survival and resistance – not assimilation and acculturation.

Gunalchéesh (Thank you),



Michael E. Roberts (téix sháach tsín)  
President (*Tlingit*)



## Our Three Focus Areas

### 1. Institutional Capacity Building –

Institutional capacity building involves First Nations most actively and directly with the Tribal communities we serve. This work encompasses a community's three primary sectors that support its economy: Tribal government, Tribal non-profits and Tribal for-profits (businesses). Any healthy economy must have strong components in all three sectors. For nearly 30 years, First Nations has educated hundreds of Tribal leaders and Native non-profit organizations, providing them with the tools for creating and strengthening community-based programs; supported Native non-profit organizations in strengthening their operations and achieving effectiveness and stability; and supported hundreds of model projects that revitalize Native communities while integrating social empowerment, spirituality and economic strategies. Finally, First Nations believes that if Tribes and communities desire a strong non-profit sector, then they must build institutional capital and community assets through philanthropy that fully considers local strengths and cultural lifeways.

### 2. Tribal Community & Economic Development –

Due to the nature and interplay of the public, private and Tribal sectors, Native communities are complex environments. First Nations, then, uses a comprehensive approach to build stronger communities and achieve systemic economic change. Strategies include capitalization, education, research and advocacy. In partnership with communities, First Nations maps assets and identifies how they are allocated and controlled. This process exposes mechanisms by which Native assets are valued and monetized – information that is key to advocating for greater community control and re-establishing sustainable use of land and natural resources. Over time, this research has provided credible and timely information for Native communities, organizations and government entities. A key goal is to become a knowledge center to inform policy development and to promote sustainable, culturally compatible economic development in Native communities. Other efforts such as the Strengthening Native American Philanthropy program promote and support the role of the non-profit sector in Indian Country, including Tribal non-profit organizations sanctioned under Section 7871 of the Internal Revenue Code.





### 3. Family Economic Security –

The Tribal economic and community development model of First Nations has emerged from 30 years of work in the field. Our focus is to move Native families to a place of economic security — where the income they earn is not at risk; the ability to produce income is open to all who possess the necessary education, training or experience; and the acquisition of those skills is available and accessible for all. In other words, this means a real opportunity for all. We have seen that healthy, effective institutions such as Tribal governments, non-profits and other agencies lay the foundation for promoting economic development and providing asset-building tools of financial education, entrepreneurship training, homeownership assistance and small business development. By integrating and linking strategies such as financial education and small business development, we have seen greater success and such outcomes as more locally owned businesses and increased homeownership.

Because the model has worked time and time again, we continue to champion integrated asset-building strategies in Native communities, while providing support for its many components. These include financial education, use of the Earned Income Tax Credit and Individual Development Accounts, entrepreneurship development, and development of Native Community Development Financial Institutions.



## Our Three Strategies

### 1. Educating Grassroots Practitioners: Training, Technical Assistance & Publications –

First Nations' strategy is to directly support partners on the ground in Native communities by providing both standardized and customized technical assistance and training. The work of our constituents and grantees occurs at the Tribal, business, philanthropic and non-profit levels. First Nations' consulting, training and publications provide assistance in identifying problems; resolving issues; strengthening activities; improving systems, policies or procedures; achieving goals; enhancing programs for sustainability and growth; and conducting evaluation. Such assistance is administered through site visits; teleconference, email, and internet support; mentoring and information sharing; conferences, institutes and workshops; and curriculum development.



## 2. Advocating Systemic Change: Policy Research –

First Nation's second strategy is to conduct research on a range of policy-related topics that are important to Native communities and economies. First Nations is currently conducting research on predatory lending in Indian Country, the treatment of Tribal philanthropic organizations under the U.S. Tax Code, Tribal economic development and job creation, creating the enabling environment for entrepreneurship, and creating and sustaining Native Community Development Financial Institutions. (CDFIs).







### 3. Capitalizing American Indian Communities: Grantmaking, Debt Capital & Equity Capital –

First Nations' third tactical strategy, Capitalizing Reservation Communities, is defined as "capital formation and utilization for American Indian economic development." Programmatically, this strategy is reflected in the following:

- Grantmaking – First Nations often provides the "first-in" investments in community-based projects in the form of grants from the Eagle Staff Fund.
- Debt Capital – First Nations' wholly owned subsidiary, First Nations Oweesta Corporation, is charged with developing, supporting and providing capital for the emerging group of Community Development Financial Institutions in Indian Country.
- Equity Capital – With debt capital providing only part of the right enabling environment for entrepreneurship in reservation economies, First Nations is investigating innovative ways to provide equity capital to reservation-based entrepreneurs, businesses and non-profit organizations.

## Institutional Capacity Building

### Focus Area One

#### Strengthening Native Communities through the American Recovery and Reinvestment Act

First Nations and nine Native community partners are using federal stimulus funds to strengthen the capacity of Tribes and non-profit organizations towards the long-term goal of building local economies. As part of an \$800,000 grant awarded in 2009 to First Nations under the American Recovery and Reinvestment Act, the local partners are receiving subgrants and technical assistance for a range of activities that increase both organizational effectiveness and responsiveness to community needs.

Hasbidito is a newly formed organization on the Navajo Nation reservation that, with its grassroots community focus and growth needs, is representative of the other grantees. With a \$24,000 grant, Hasbidito's plan includes incorporating as a 501(c)(3) non-profit organization, purchasing accounting software and developing financial policies. In its community





work, Hasbidito will use an asset-based community development approach in creating a volunteer base and planning gardening and dry food farming programs.

“This grant is fantastic for us,” said project coordinator Brandon Velivis. “At Hasbidito, our greatest assets are our community members. We look forward to working with various individuals to build the human capacity in our area. This grant gives us extreme confidence moving forward.”

The nine reservation-based grantees responded to a competitive Request for Proposals under the Strengthening Communities Fund, which initially targeted Native non-profits, community groups and \$7871 Tribal organizations in 22 specific Tribal communities located in the Upper Plains, Southwest and Oklahoma regions. Like Hasbidito, several groups, including the Gila River Indian Community, plan to conduct community assessments and asset-mapping and to develop ongoing ways to gain community feedback. Gila River will share results with Tribal and community leaders in each of seven political districts.

## Institutional Capacity Building

The Pueblo of Acoma plans to establish formal non-profit organizational status of its Tribal education department, with a goal of attracting more resources for teaching Tribal language and infusing it throughout the learning process. In addition to education and youth programming, other grantees are focused on tourism, community development and economic development. In responding to the federal guidelines that included consideration of faith-based organizations, one of the nine grantees is a school run by a religious organization on the Rosebud Sioux reservation.

First Nations is supplementing the two-year federal grant – part of a larger initiative through the Administration for Children and Families of the U.S. Department of Health and Human Services – with an additional \$200,000 in technical assistance, training and financial assistance in order to further the sustainability of the grantees’ social service efforts.





## Institutional Capacity Building

### Leadership and Entrepreneurial Apprenticeship Development Program

Representing Tribal agencies, non-profit organizations and Native-serving programs, a group of 28 Native American professionals in 2009 successfully completed a First Nations program designed to create the next generation of Native non-profit leaders. The Leadership and Entrepreneurial Apprenticeship Development (LEAD) Program entered its fourth year with cohorts based in Colorado, Oregon and Washington state.

Melissa Clyde (Navajo) began the experience as a child protective services worker with a goal of becoming a national Tribal child welfare leader. "LEAD has given me understanding and ideas about how I can balance economic, political, cultural and social influences at the Tribal level," she said. "LEAD has given me a new perspective on how I can prepare [to become an executive director]."

Clyde was part of the 2008-09 Oregon leadership cohort coordinated by a Portland-based partner organization for the program, the Native American Youth & Family Center. A Denver-area group, NVision, hosted the Colorado program. In Washington, the Seattle-based Potlatch Fund convened LEAD Fellows for the 12-month program, an intensive experience that has provided skills essential to organizational success such as financial management, fundraising and leadership. Participants met monthly and attended quarterly trainings, in addition to mentoring, networking and opportunities for peer learning.



## Institutional Capacity Building

“We built friendships. We’re still connected. It was just phenomenal,” said Jenine Grey, a member of the 2007-08 Seattle cohort. “For me, the timeliness of it couldn’t have been better.” Grey went through the LEAD Program just as she was taking on a new role as executive director of the Chief Seattle Club, which addresses the physical and social needs of urban Natives, many of whom are homeless. “It was eye-opening to learn all of these things,” she said. “Developing a case statement, confidently pursuing grants and meeting with funders... [LEAD] just really helped us tremendously.”

Funders of the LEAD Program have included the Bill & Melinda Gates Foundation, the Ford Foundation, the American Express Foundation and the Gay & Lesbian Fund for Colorado. The LEAD Institute, a special training opportunity, was held in New Mexico in April 2009 with 100 attendees including the three cohorts as well as non-LEAD participants. First Nations received support for the Institute from the Marisla Foundation, Appalachian Community Fund and individual donors.

In Colorado, the group of LEAD Fellows sought to capitalize on relationships with mentors bringing experience from the multiple national Native

organizations located in the Denver area. At a monthly gathering in May, Lucille Echohawk, Strategic Advisor at Casey Family Programs, shared her advice on working to promote positive change on the local and national levels. “As long as you surround yourself with great mentors,” Echohawk said to the group, “you can accomplish anything.”

A member of the 2009-10 Colorado cohort identified networking with Native non-profit leaders, other Native non-profit professionals and LEAD Fellows themselves as the best of the program’s attributes.

“This has been really beneficial to my career as well as personal development,” said Hannabah Blue (pictured here), a capacity building specialist with the National Native American AIDS Prevention Center in Denver, where she provides training and resources on HIV prevention to Native-serving organizations nationwide. “It really helps to meet other Natives in this field, as well as see (the strategies about) how they have become successful.”

*“As long as you surround yourself with great mentors, you can accomplish anything.”*

Lucille Echohawk  
LEAD Mentor, Casey  
Family Programs



LEAD

## Institutional Capacity Building

### Program Fellows

#### Colorado

Alaina Archuleta-Dean (Kaibab Paiute)  
 Hannabah Blue (Diné), National Native  
 American AIDS Prevention Center  
 Mat Barkhausen (Skarure)  
 Catherine Bryan (Navajo), First Nations  
 Development Institute  
 Tanksi Clairmont (Sisseton Wahpeton/Sicangu  
 Lakota), American Indian College Fund  
 Ruben Hernandez (Rosebud Sioux), First  
 Nations Development Institute  
 Jennifer Williams-Bordeaux (Sicangu Lakota/  
 Yankton Dakota)  
 Dina M. Yazzie (Oglala Lakota)

#### Oregon

Fannie Black (Yup'ik), National Indian Child  
 Welfare Association  
 Bekah Foster (Apache), Native American Youth  
 & Family Center  
 Jefferson Greene (Paiute/Nez Perce/Warm  
 Springs), The Museum at Warm  
 Springs  
 Micah Johnson (Umatilla), Youth Services,  
 Native American Youth & Family Center

Christine Patterson (Muscogee Creek),  
 Oregon Department of Human Service  
 Lauren Patterson (Muscogee Creek),  
 Confederated Tribes of Siletz Indians  
 John Walker (Colville/Okanagan)

#### Washington

Nina Butler (Lummi/Klamath/Siletz), Chief  
 Seattle Club  
 Elizabeth Egan (Tlingit), Squaxin Island Tribe  
 Jeremiah Jack George (Squaxin Island), Squaxin  
 Island Tribe  
 Jefferson Greene (Paiute/Nez Perce/Warm  
 Springs), The Museum at Warm  
 Springs  
 Alex Mendoza (Makah), Department  
 of Agriculture  
 Heather Miller (Wyandotte), Potlatch Fund  
 Misty Lee Oldham (Lummi), Lummi  
 CEDAR Project  
 Kathy Pierre (Lummi), Lummi Nation  
 Ventures Partnership  
 Jason Pretty Boy (Hunkpapa and Oglala Lakota),  
 Idaho State University student  
 Marilyn Sheldon (Tulalip), Tulalip Tribes



## Institutional Capacity Building

### Strengthening Non-profit Organizational Effectiveness

#### ⊕ *Supporting Domestic Violence Coalitions*

In 2009, First Nations Development Institute continued its work in providing technical assistance to 23 Tribal coalitions focusing on issues of domestic violence and sexual assault. This was part of a program under the U.S. Department of Justice Office on Violence Against Women. Targeting the coalitions' purpose, direction and growth, First Nations-directed activities addressed organizational development, board and leadership development, program design and evaluation, and revenue development strategies.

#### ⊕ *Renewing Native Agriculture Food Systems*

Meanwhile, First Nations received a three-year grant from the U.S. Department of Agriculture (USDA) to support 10 Native groups seeking to increase community control of food resources. This effort is the latest stage of First Nations' ongoing Native Agriculture and Food Systems

Initiative, which recognizes that food systems and food sovereignty are key assets impacting community economies and the health of community members. Under this new three-year program, "Time for the Harvest: Renewing Native American Food Systems," First Nations expects to serve 200 representatives of Tribes and Native communities. In addition to supporting general capacity, another goal is to help the





- Native programs become full participants in the Department of Agriculture's Community Food Projects Competitive Grants Program.

### *Increasing Economic Development in Indian Country*

Another partnership with the USDA enabled First Nations to continue support of the Building Native Capacity Project in 2009, which targeted economic development needs on the Navajo, Oglala Lakota and Umatilla reservations. Launched in early 2008 under the USDA Rural Community Development Initiative, the project has involved three Native American non-profit organizations and Tribes – the Navajo Partnership for Housing, Thunder Valley Community Development Corporation and Umatilla Reservation Housing Authority. The combined service area of these partners includes more than 100 Native communities. Under the Building Native Capacity Project, a total of \$57,000 was awarded to participating organizations.



## Tribe-to-Tribe Peer Mentoring as an Asset-Building Strategy: The Native Asset-Building Partnership Project

The Hopi Education Endowment Fund has a decade of experience as a Tribal philanthropic organization, knowledge that Fund staff shared during peer-to-peer exchanges with the Leech Lake Band of Ojibwe in winter 2009. The Hopi Tribe launched its Fund as a Tribally chartered endowment focused on education, but the Leech Lake Band was interested in applying Hopi's lessons in community philanthropy to the issue of land consolidation on the checker-boarded Ojibwe reservation in northern Minnesota.

"The visit to Leech Lake extended beyond our partnership and really was a cultural exchange of sorts," said Vernon Kahe of the Hopi Education Endowment Fund. "Many of the things they showed us could easily be adapted here on Hopi."

This learning visit was one of four such exchanges involving Tribes under the Native Asset-Building Partnership Project, an effort by First Nations to promote sustainable economic development in

rural Native communities by increasing Tribal control and management of assets through peer learning partnerships and model development.

"It's rare for this kind of formalization and incentive process for Tribes to partner together," said Catherine Bryan, Senior Program Officer at First Nations. First Nations has helped facilitate the exchange, providing support to build relationships and establish a common agenda. Beyond the opportunity for hands-on learning, a \$20,000 grant has served as an incentive for each participant. "We're trying to demonstrate... that just the process of putting two Tribes together is [itself] an effective asset-building strategy," said Bryan.

In addition to the Leech Lake-Hopi partnership on developing community philanthropy, other partnerships have focused on a range of assets, including developing new energy sources



## Tribal Community & Economic Development

from Tribal forest resources; replicating a credit-building loan program on one Indian reservation from another; and developing new community lending policies and a short-term consumer loan product.

In October, First Nations hosted its first-ever Native Asset-Building Institute on the Shakopee Mdewakanton Dakota reservation near Minneapolis. More than 70 attendees attended eight sessions on strategies for growing, controlling and managing assets in Indian Country. The project has been funded by the Otto Bremer Foundation, Northwest Area Foundation, F.B. Heron Foundation, and the U.S.

Department of Agriculture under the Rural Business Opportunity Grants program. At the project's conclusion, First Nations expects to publish a report on lessons and findings about Tribal peer mentoring as an asset-building approach.

In 2000, a \$10 million grant from the Hopi Tribe launched the Hopi Education Endowment Fund as a “community savings account for education.” The organization was established under Section 7871 of the U.S. Tax Code, which allows for Tribal charitable entities. Growing to some \$17 million, the Fund has supported college scholarships for Hopi of all ages, as well as other youth, culture and enrichment programs. To grow the endowment, staff have creatively employed fundraising tools from art auctions to planned giving that build on Hopi cultural perspectives. The First Nations project enabled the Hopi Fund to share its lessons with Leech Lake Tribal development staff members.

“Our intent was for Leech Lake to begin as early as possible to de-construct mainstream fundraising concepts and adapt them to suit their needs, whether targeting Native communities or non-Natives who are interested in the culture,” said Vernon Kahe. “It took us a while to realize that our [Hopi] culture was what resonated with non-Native people.”



## Our Most Important Assets: Native Youth and Culture

### Strengthening Traditions through the Native Youth and Culture Fund

One hundred canoes land on the shores of the Suquamish, each vessel bearing gifts and stories from homelands to offer in a week-long celebration of Coast Salish culture. For Tribes along the northwest coast, the annual Canoe Journey has been a way to revitalize and teach traditions to Native youth in an experience in their own people's lifeways that also draws on the collective power of thousands of participants.

"There's a lot of power in our traditions, our culture and our teachings," says Shasta Cano-Martin of the Lummi CEDAR Project, a youth-serving organization on the Lummi reservation. "They offer a lot of tools for how to live a good life."

In 2008-09, Shasta was part of First Nations' LEAD Program for Native non-profit leaders. "Everyone on the canoe has one heart, one mind and one spirit," she says. "We're there to help each other out. When someone's having a harder time, you pull harder. Each person has a role. No one's higher than others. You stay in synch. This has life lessons that can help us in other areas of life."

"Canoe pulling" is a rigorous activity, and Native youth fill many of the canoes in the Journey. Often voyaging at sea, canoe travel requires training, outfitting to deal with capsizing in cold waters, and other support. Resources from the **Native Youth and Culture Fund** at First Nations helped pay for some costs through a grant to the Potlatch Fund, a Seattle-based Native community foundation.

"It's a huge project," says Ken Gordon of the Potlatch Fund. "[The host Tribe] served 10,000 meals over the course of the week.... There's camping for hundreds of people, volunteers, re-routing of roads." Gordon says a grant committee of Native youth and young adults determined the awards, which averaged \$2,000 per canoe. "They know the real story behind the groups," he says.

With other First Nations funds, the Potlatch Fund has helped the canoe captains consider launching a new non-profit organization that can support the Canoe Journey's fundraising and ongoing logistical



needs, such as dealing with Coast Guard officials of both the United States and Canada.

“We have developed articles of incorporation that people like, we have an [organizational] name that people like, and four individuals have put their names forward as board members,” says Gordon. “The really important thing is that the canoe captains take ownership.”

The primary goal of First Nations’ Native Youth and Culture Fund is to support Tribes and Native non-profits that are working to preserve, strengthen or renew Native culture and traditions among Tribal youth. Through the generous support of the Kalliopeia Foundation, The Susan A. and Donald P. Babson Charitable Foundation and individual supporters, First Nations provided more than \$400,000 to 24 grantees located in 14 states. Key activities include youth development and leadership, culture and language programs, financial education and entrepreneurship.

In 2009, First Nations included a mandatory three-day capacity building summit for all grantees. The October gathering focused on strategic planning, program sustainability, evaluation and more. One attendee wrote, “I wish the federal and state grantors would use this curriculum and approach. It is all built up so nicely! Very, very effective!”

Three different Native Youth and Culture Fund grants focused on the Canoe Journey, which all at once addresses participants’ development across spiritual, physical, mental and social domains.

“We’re working with a group of young people preparing for the journey, learning the [Tribal] songs, making their regalia, and getting physically fit for the canoe. We’ve been working on that throughout the year,” says Shasta Cano-Martin. “Songs are really important because they offer a sense of healing. We sing songs on the canoe as a part of prayer, kind of closing our mind off to the pain of what it takes to canoe-pull for hours at a time, to offer that strength.”

## Tribal Community & Economic Development

### Asset-Building Strategies in Native Communities

Over its history, First Nations Development Institute has focused significant support and resources on the issue of asset management in Native communities. In 2006, the three-year Native American Asset Watch Initiative was designed as a comprehensive approach seeking systemic economic change. First Nations provided more than 20 grants to Tribes and Native organizations in order to improve control of Tribal assets, while documenting emerging practices in asset stewardship and development.

From this initiative, in 2009 First Nations published *Native American Asset Watch: Rethinking Asset-Building in Indian Country*. With a goal of deepening dialogue and expanding research relative to Indian asset-building, this report presents case studies of five Tribes and Native non-profits that undertook years of work to regain control of various assets previously stripped under

federal and state policies. In addition to telling important historical narratives, *Native American Asset Watch* also proposes a new model for asset-building in Indian Country in which both individual and Tribal asset-building are identified as key vehicles to move Tribes from a history of forced dependency to a future of Tribally driven self-sufficiency.

### Building Native Asset Coalitions

Regionally focused Native asset coalitions have been an important mechanism to support local efforts, as well as promote cross-site sharing and policy advocacy. Over the past few years, First Nations has launched and provided ongoing assistance to the Oklahoma Native Assets Coalition, Arizona Native Assets Coalition and Northwest Asset-Building Coalition.

Two of the coalitions work with broader mainstream coalitions in their respective states, and the third works closely with the Federal Reserve Bank. In fact, the Oklahoma Native Assets Coalition has become a significant player in bringing together various Native and non-Native organizations to develop a larger agenda. During the economic downturn, these coalitions



## Tribal Community & Economic Development



played an important role in developing capacity at both the Tribal and individual levels. In 2009, the coalitions conducted trainings on such issues as access to housing, credit improvement, earned income tax credit and predatory lending.

Additionally in 2009, First Nations released a report, *Native Asset-Building Coalitions: Promising Practices and Sustainability*, which identified emerging best practices and provided recommendations for asset-building coalitions in Indian Country. Largely funded by the Ford Foundation, the report profiles the coalitions in Oklahoma, Arizona and the Pacific Northwest as they develop coordinated efforts to strengthen asset-building activities in their respective localities.

### Strengthening Native American Philanthropy

While attempting to build Native economies by strengthening the three sectors of government, business and non-profit, First Nations Development Institute has used multiple strategies to address the fourth sector - philanthropy. Under the **Strengthening Native American Philanthropy** program, First Nations has advocated for changes to the U.S. Tax Code relative to Tribal charitable organizations and for increasing awareness of Tribal organizations and their work among mainstream funders. First Nations also has conducted new research on Tribal charitable organizations, sharing information while also convening stakeholders and providing technical assistance around such issues as how to start a non-profit organization in Native communities.

This advocacy has targeted the Council on Foundations, the nation's largest association of foundations, with the goal of achieving full, voting membership for Tribal philanthropies. Other efforts have involved educating policymakers about reforms through legislation such as the Tribal Charities Fairness Act.



## Tribal Community & Economic Development

In November 2009, First Nations released a research report on Tribal charitable organizations that are designated under Section 7871 of the U.S. Tax Code. These entities enjoy the same eligibility for charitable contributions as do 501(c)(3) non-profit organizations, but because of donor misunderstanding, the Tribal groups often face fundraising barriers. The new report, *Charitable and Sovereign: Understanding Tribal 7871 Organizations*, focuses on the institutional structures and management best practices for these entities, which number approximately 600. (This includes more than 560 federally recognized Tribes and approximately 20 designated philanthropic entities.)

The goal of this report was to educate mainstream funders and others about the role of 7871 organizations in promoting economic development in their communities and to clarify questions regarding their legal and organizational structures. The research revealed that while there are a large number of 7871 organizations providing social service, economic development, educational and other charitable programming, only a small number are actively raising external funds. Two key factors are funders' lack of knowledge about both the charitable activities of

7871 organizations and the fact that donations to 7871s can count as qualifying distributions under the Tax Code. Just as individual donors receive a tax deduction for charitable gifts, foundations follow similar rules in distributing grants that ensures their non-tax status. The report was widely distributed to mainstream funders, and First Nations staff provided several conference presentations on the research findings.

### Brokering a Special Gift

In addition to operating programs and providing technical assistance, First Nations Development Institute has dedicated significant energy in seeking investors to support First Nations' own work as well as the efforts of our Tribal and community partners. These investors include financial institutions, the federal government and foundations seeking to make an impact in Indian Country. In steering these investments for maximum impact, First Nations in 2009 provided a variety of such roles as intermediary, advisor and broker.

As an example of how investor interests were linked to the needs of a Native community, this story involves a donor who approached First Nations with two areas of programmatic and geographic interest: Native youth and Alaska. In response, First Nations looked at current and former grantees of the Native Youth and Culture Fund, finding multiple potential matches.

Such brokering is not uncommon, but in this case, there was something special about the donor: Amaia Laskin was an 11-year-old girl!





## Tribal Community & Economic Development

With her mother, Virginia Clarke, active in philanthropy, the girl developed what she called “Amaia’s Fund” by soliciting donations from participants at the annual retreat of the Environmental Grantmakers Association. (Amaia made the solicitations as part of a campaign that involved personally decorating attendees’ conference badges.) In a previous year, she earmarked funds for AIDS orphans in Africa.

In advance of the 2009 retreat, Amaia asked First Nations President Mike Roberts to identify a worthy



Alaska youth program. From three groups that met her criteria, Amaia chose the Ahtna Heritage Foundation in Glennallen, Alaska. Its Yuul Tene’ Project brings Ahtna Athabascan youth and elders together for 12 camps that promote indigenous culture and outdoor survival skills, focusing on subsistence living, Native language and traditional arts.

Ahtna CEO Jessica Denny reported that the \$2,000 donation was like receiving an unexpected Christmas present. Connected by First Nations, the gift from a young person in the Lower 48 helped Athabascan youth connect to their own traditions and land. Thank you, Amaia Laskin, and all of the generous investors like her.



### Innovative Partnership Strengthens American Indian Assets: Working with the Office of the Special Trustee

In 2009, First Nations Development Institute began a formal partnership with the Office of the Special Trustee for American Indians, an agency within the U.S. Department of Interior that manages and oversees Indian land, resources and monies held in trust for Tribal governments and individuals. The Office initially approached First Nations for assistance in providing financial education to beneficiaries, and First Nations responded with several community trainings. In May, First Nations also provided a week-long learning session for 12 fiduciary trust officers based in the Midwest and West. The Office of the Special Trustee requested this special financial literacy training in order to strengthen and expand the current financial education provided by trust officers related to Individual Indian Money Accounts. Since this training, the trust officers subsequently offered some 30 community trainings, reaching more than 300 people.

## First Nations Oweesta Corporation

In 1999, the Board of Directors of First Nations Development Institute incorporated First Nations Oweesta Corporation (FNOC) with First Nations Development Institute as the sole member owner. This allowed the new subsidiary to benefit from First Nations' established brand name, gaining instant credibility in Indian Country and among the foundation funding community. Two purposes were served: expediency and efficiency of resources, but equally important, preservation of First Nations' commitment to provide greater access to capital to Native communities.

First Nations Oweesta Corporation has focused on the capitalization and development of emerging Native Community Development Financial Institutions. In addition to helping First Nations Oweesta quickly grow, the Board of First Nations Development Institute transferred to FNOC a pool of resources from socially responsible lenders that guaranteed \$1 million in program-related investment and still today represents a substantial portion of First Nations Oweesta Corporation's capital lending pool.

From the perspective of First Nations Development Institute, the launch and growth of First Nations Oweesta Corporation has been

nothing but a success. Its steady leadership and sound stewardship directly contributed to the rapid development of certified Native Community Development Financial Institutions. They have grown from two to more than 50 in number, with another 50 in the development pipeline. Over the past 11 years, FNOC has been part of some 200 total awards to the Native institutions, totaling tens of millions of dollars in fruitful investment in Indian Country.





### Focus Area Three

## Family Economic Security

First Nations Development Institute has been a leader in bringing to Indian Country a spirit of entrepreneurship for individuals as well as small businesses, financial education and innovative financial tools, and broader awareness of individual asset-building vehicles such as Earned Income Tax Credits. Just as First Nations finds that integrated approaches – coupling financial education with entrepreneur support, for example – work best in Native settings, so the organization has built these approaches into multiple initiatives that target many different Native communities.

### Financial Literacy “on Your Terms”

In 2009, First Nations worked to bring a new financial literacy class to Gallup Central High School, where nearly all students come

from the nearby Navajo Nation. The school launched the new pilot course in response to a state mandate, students’ general unfamiliarity with money management, and the impact of aggressive predatory lending in Gallup and other reservation towns.

“We already have a consumer math class that meets the state’s minimum financial literacy requirements, but we’re expanding to give our students a financial education course that provides a more substantive content,” said principal Don Sparks. “These issues are far too important to neglect.”

The nine-week class, called “Financial Literacy: Life on Your Terms,” has emphasized practical money skills applicable to students’ daily lives. The course addressed such personal finance

## Family Economic Security

topics as responsibly using a credit card, avoiding predatory lenders, understanding banking, car buying tips, safeguarding against identity theft and basic investing skills.

For an all-school assembly to kick off the class, First Nations sent a financial education consultant and trainer who specializes in working with Native youth. Shawn Spruce facilitated several interactive activities designed to stress the importance of financial literacy and encourage students to enroll in the full course. Spruce also assisted in drafting the course curriculum.

“Financial education has to be enjoyable and entertaining if it’s going to be effective” Spruce said. “So we’ve made sure to include plenty of interaction and hands-on learning experiences to maintain focus in the classroom.”

### New Financial Tools

On the Turtle Mountain reservation of North Dakota, a financial literacy class is mandatory for individuals to qualify for a loan to build a credit history from scratch or repair a negative one. Even so, the Turtle Mountain Community Development Financial Institution (CDFI)





## Family Economic Security

reported so much interest in its loan program that it exceeded its service goals. The program was supported in 2009 with a \$24,000 grant from **The Little Eagle Staff Fund** of First Nations.

“Of the 17 loans issued with the funding provided by the [Fund], we have not had one default on any credit repair loan issued,” said Turtle Mountain’s Chrystel Cornelius, who reported providing financial literacy and credit counseling services to 65 people. For customers with existing credit bureau scores, their scores improved 80 points over the course of the program, according to Cornelius. She noted that even such actions as opening up a bank account signify progress and help build confidence. The program also included homeownership and entrepreneur training, which provided further inspiration.

“Several clients that received a credit repair application are interested in starting their own business...and [are developing a] business plan. If clients show a steady payment for six months on their credit repair loan, our lending committee has determined that they will issue a micro business loan (\$10,000 or below) providing they

then meet all other lending criteria. We anticipate that 10 of these clients will submit their loan application within [coming] months.”

The Little Eagle Staff Fund was capitalized in 2009 by Bank of America, Johnson Scholarship Foundation, Washington Mutual Foundation and the F.B. Heron Foundation. The Fund provides Native community development organizations with resources to offer Tribal programs and local entities early stage investment and capitalization. In 2009, the Little Eagle Staff Fund provided 12 grants totaling \$287,000

In 2009, First Nations combined grantmaking strategies from The Little Eagle Staff Fund with the peer learning approach of the Native Asset-Building Partnership Project, which targeted Tribe-to-Tribe knowledge exchanges. Under this arrangement, Turtle Mountain CDFI benefitted from the previous experience of the White Earth Investment Initiative in developing new consumer loan products and services. Another partnership between Four Bands Community Fund and the Standing Rock Sioux Business Development Center was intended to help Standing Rock replicate a credit-builder loan program that Four Bands had successfully

## Family Economic Security

established on the Cheyenne River Sioux Reservation.

### Investing More Effectively

In 2009, First Nations responded to several requests related to supporting individual Natives in managing and investing significant income received from successful Tribal economic enterprises. First Nations held community-level trainings on the Fort Berthold Reservation of North Dakota, where members of the Three Affiliated Tribes have received large payments due to oil and gas royalties. A project with another Tribe piloted a high school financial education curriculum and developed a web-based program for youth who receive a large payment when they turn 18 years of age.

First Nations' **InvestNative** project seeks to increase knowledge of financial and investment principles to help Indian people make informed financial decisions for their families, communities and Nations. First Nations also provided several workshops for youth on the Confederated Tribes of the Umatilla Indian Reservation as part of a summer employment program. Finally, First Nations also received a grant from the Administration for Native Americans, an agency

of the U.S. Department of Health and Human Services, to write a manual to assist Tribes in designing per-capita payout programs in such a way that promotes wise financial management, saving and asset-building.

### Borrowed Time: Use of Refund Anticipation Loans in Native Communities

In response to concern by U.S. Senator Byron Dorgan (D) about the impact of predatory lending in North Dakota, First Nations produced a report in 2009 on the use of Refund Anticipation Loans in Native communities. The report, *Borrowed Time: Use of Refund Anticipation Loans in Native Communities*, was the only research effort to provide empirical data on the practice of making high-cost loans to tax filers awaiting tax refunds. First Nations presented the findings at the 2009 Native Financial

Education Coalition Policy briefing and worked with the Center for Responsible Lending to distribute the report to several Congressional and Senate offices. Data from the report later was cited in a resource book for the Small Loan Research Agenda Task Force within the U.S. Department of Treasury. *Borrowed Time* revealed that tax filers in Native communities are significantly more likely to use high-cost Refund Anticipation Loans than are filers in non-Native communities.



## Family Economic Security

### Combatting Domestic Violence Through Financial Education

To complement general capacity-building support to domestic violence coalitions working in Native communities nationwide, First Nations has provided financial and economic literacy training intended to promote independence of survivors. Funded by the Allstate Foundation and the Ameriprise Foundation, the Domestic Violence Financial Education Initiative has

provided financial and economic literacy training to coalitions and their member organizations serving Native American women victimized by domestic violence and financial abuse. With support, domestic violence survivors can become financially independent and even vital parts of Tribal community economies. First Nations provided three two-day training sessions for four Native American coalitions and their members: American Indians Against Abuse, Hayward, Wisconsin; First Nations Women's Alliance, Tokio, North Dakota; Southwest Indigenous Women's Coalition, Phoenix, Arizona; and the Coalition to Stop Violence Against Native Women, Albuquerque, New Mexico.



**FIRST NATIONS**  
DEVELOPMENT INSTITUTE  
EDUCATING • ADVOCATING • CAPITALIZING

## Grant Application Procedures

### How to Apply for a Grant from First Nations Development Institute

First Nations' grantmaking program provides both financial and technical resources to tribes and Native nonprofit organizations to support asset-based development efforts that fit within the culture and are sustainable. First Nations offers grant support through the Eagle Staff Fund (ESF) including special initiatives within ESF, as well as other donor-advised and donor-designated funds. First Nations currently manages the following grant funds:

Eagle Staff Fund (ESF)

Native Youth & Culture Fund (NYCF)

Little Eagle Staff Fund (LESF)

Native Agriculture and Food  
Systems Initiative (NAFSI)

Native American Asset Watch Initiative  
(NAAWI)

Raymond James Native  
American Development Fund (RJF)

Grant funding opportunities are listed on our website ([www.firstnations.org](http://www.firstnations.org)). To receive grant availability notifications, please sign-up for email updates through our website. For additional information about our grantmaking program, contact Tina Farrenkopf, Senior Director of Programs, at [tfarrenkopf@firstnations.org](mailto:tfarrenkopf@firstnations.org).





## 2009 Grants

### Eagle Staff Fund (Discretionary)

Native American Youth & Family Center	Portland, OR	\$1,800	Annual Gala Sponsorship
Potlatch Fund	Seattle, WA	\$1,900	Annual Gala Sponsorship
Affiliated Tribes of Northwest Indians	Portland, OR	\$3,000	To support the Tribal Energy Conference and Tribal Energy Trade Fair through a conference sponsorship.
Indian Land Working Group	Albuquerque, NM	\$1,500	To support the 19th Annual Indian Land Consolidation Symposium: Restoration of Native Lands & Resources through a conference sponsorship.

### Leadership and Entrepreneurial Apprenticeship Development (LEAD) Program

Native American Youth & Family Center	Portland, OR	\$56,000	Lead Host Organization
Potlatch Fund	Seattle, WA	\$56,000	Lead Host Organization

### Little Eagle Staff Fund & Native American Asset Watch Initiative for the Native Asset Building Partnership Program

American Indian Business Leaders	Missoula, MT	\$800	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.
Bad River Band of Lake Superior Tribe of Chippewa Indians	Odonah, WI	\$475	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.

Browning Community Development Corporation	Browning, MT	\$1,000	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.
The Confederated Tribes of Warm Springs	Warm Springs, OR	\$1,540	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.
Four Bands Community Fund, Inc.	Eagle Butte, SD	\$20,000	To foster a mentoring partnership that will create a credit builder loan program for the mentee's Tribal community.
Hopi Education Endowment Fund	Kykotsmovi, AZ	\$20,000	To foster a mentoring partnership that focuses upon increasing the capacity for creating Tribal philanthropic entities.
Leech Lake Band of Ojibwe	Cass Lake, MN	\$20,000	To foster a mentoring partnership that focuses upon increasing the capacity for creating Tribal philanthropic entities.
Mille Lacs Band of Ojibwe	Onamia, MN	\$20,000	To foster a mentoring partnership that focuses on creating Tribal renewable energy assets.
National American Indian Housing Council	Washington, DC	\$400	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.
Sac and Fox Tribe of the Mississippi in Iowa	Tama, IA	\$777	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.
The Entrepreneurial Center/Standing Rock Sioux Tribe/Sitting Bull College	Fort Yates, ND	\$20,000	To foster a mentoring partnership that will create a credit builder loan program for the mentee's Tribal community.
Sovereign Power Inc.	Wellpinit, WA	\$20,000	To foster a mentoring partnership that focuses on creating Tribal renewable energy assets
Spirit Lake Tribe	Fort Totten, ND	\$4,300	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.

Turtle Mountain CDFI	Belcourt, ND	\$20,000	To foster a mentoring relationship that focuses on increasing the capacity of Tribal CDFIs.
Turtle Mountain Pathways to Prosperity	Belcourt, ND	\$1,620	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.
Turtle Mountain Renewal Community	Belcourt, ND	\$1,000	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.
White Bear Development Inc.	Albuquerque, NM	\$650	To enable the organization to attend the Native Asset-Building Partnership Program Institute held in Prior Lake, MN.
White Earth Investment Initiative	Omega, MN	\$20,000	To foster a mentoring relationship that focuses on increasing the capacity of Tribal CDFIs.
<b><u>Native Youth and Culture Fund</u></b>			
Ahtna Heritage Foundation	Glennallen, AK	\$18,000	To increase the intergenerational transmission and retention of subsistence skills, language and traditional arts that are in danger of being forgotten.
Alutiiq Museum and Archaeological Repository	Kodiak, AK	\$19,500	To create artwork for a short animated film that teaches Alutiiq vocabulary and retains Tribal culture.
American Indian College Fund	Denver, CO	\$1,200	To sponsor the 20th Anniversary Flame of Hope Gala which provides scholarship funding for Tribal college students.
Black Mesa Water Coalition	Flagstaff, AZ	\$24,000	To support a two-week camp that will increase and develop leadership skills among Indigenous youth and community leaders.
Boulder Valley School District	Boulder, CO	\$500	To provide support for the Annual American Indian Youth Leadership Institute that increases leadership skills for Tribal youth attending Colorado schools.

Center For Innovation Foundation	Grand Forks, ND	\$19,000	To support a camp that increases entrepreneurship, community development and leadership among Tribal youth.
Cherokee Youth Council	Cherokee, NC	\$16,500	To create a culturally relevant educational video and guide on teen pregnancy.
Citizen Potawatomi Community Development Corporation	Shawnee, OK	\$19,500	To support culturally appropriate financial education and entrepreneurial education that will increase Tribal community service and encourage responsible money management among Tribal youth.
Denver Indian Family Resource Center	Lakewood, CO	\$500	To provide general operational support to this organization which serves Tribal youth and their families.
Hopi Credit Association	Keams Canyon, AZ	\$19,500	To create and operate a week long financial literacy “camp” for local youth.
Indigenous Language Institute	Santa Fe, NM	\$15,000	To teach senior and junior high students of the Santa Fe Indian School to create digital stories using computers.
Jamestown S’Klallam Tribe	Sequim, WA	\$19,500	To support an eight-week, summer training program centered around the Canoe Journey that involves lessons and activities that teach physical endurance, spiritual readiness, honoring Native values, navigation, teamwork, personal goal setting, safety and self-efficacy.
Klamath River Early College of the Redwoods	Klamath, CA	\$19,500	To recreate the ancient Yurok practice of Restorative Justice while learning from Yurok elders and professionals and develop Teen Court.
Leadership Institute/Summer Policy Academy	Santa Fe, NM	\$14,500	To support a four-week intensive program on leadership, public policy, and community service that focuses on Tribal, state, national and international Indigenous issues for Tribal youth.

Learning Horse, Inc.	Santa Fe, NM	\$19,500	To increase self-image, positive life choices, and leadership skills by introducing the youth to the horse and its role in Native American life.
Longhouse Media	Seattle, WA	\$19,500	To utilize the Native filmmaking community and build technical skills, while increasing public awareness of the complexity of Native identity among Tribal youth.
Makah Tribal Council	Neah Bay, WA	\$19,500	To empower and mentor Makah Native Youth in the hosting, planning and presentation of the 2010 Annual Tribal Canoe Journey by linking youth with employment, cultural, economic and social services to build leadership skills.
Mvskoke Food Sovereignty Initiative, Inc	Okmulgee, OK	\$19,500	To engage youth in learning about traditional foods and introduce them to ancient games that kept their ancestors physically fit.
National Native American AIDS Prevention Center	Denver, CO	\$500	To support a fundraising event held on December 10, 2009, which would increase awareness about AIDS in Tribal communities.
Native American Community Board	Lake Andes, SD	\$19,500	To document the Dakota language, cultural heritage and to produce fluent Dakota speakers.
Northwest Indian College	Bellingham, WA	\$19,500	To bring together extended families to encourage intergenerational bonding and understanding, nurture cultural identity, and educate on a variety of issues.
Potlatch Fund	Seattle, WA	\$19,500	To create ceremonial regalia for the InterTribal Canoe Journey and to create a new Native non-profit organization that will work throughout the year to sustain this important event that involves Tribal youth.



Pueblo of Jemez	Jemez Pueblo, NM	\$20,000	To create and sustain a Tribal educational program that provides expanded educational opportunities to Jemez students in multiple areas, thus enabling them to meet – at a high standard – their secondary and post-secondary educational and career endeavors.
Rocky Mountain Indian Chamber of Commerce	Denver, CO	\$850	To provide a sponsorship for the Rocky Mountain Indian Chamber of Commerce's Annual Gala which raises funds to provide Tribal students with college scholarships.
Tohono O'odham Nursing Care Authority	Sells, AZ	\$19,500	To support an intergenerational oral history and traditions program that documents, in order to retain, Tribal history, traditions, language, folkways and mores through the O'odham language.
Tusweca Tiospaye	Pine Ridge, SD	\$500	To provide support to the 2009 Lakota/Dakota/Nakota Language Summit held November 12-14, 2009, in order to retain their traditional languages.
Western Shoshone Defense Project	Spring Creek, NV	\$19,500	To support intern opportunities for Tribal youth, in particular mentorship under Shoshone leadership and work at the United Nations in Geneva while making it possible for youth to participate in a safe and positive forum to learn more about their heritage.
<b><u>Raymond James Native American Fund</u></b>			
Boys and Girls Club of the Missouri River Area	Wagner, SD	\$500	To provide general operational support to the Boys and Girls Club to enable Tribal youth to reach their full potential as productive, caring, responsible community members.
Kids in Distressed Situations, Inc	New York, NY	\$1,000	To provide general operational support to KIDS programs that increase the hope and self-esteem of Tribal youth and their families within the Tulalip Tribes.

<u>Strengthening Native American Philanthropy</u>			
Citizen Potawatomi Community Development Corporation	Shawnee, OK	\$5,000	To support participation in a structured study regarding experiences as a \$7871 organization, legal and organizational structures, and programmatic areas in a First Nations effort to increase awareness of \$7871 organizations among Philanthropic Community.
Hopi Education Endowment Fund	Kykotsmovi, AZ	\$5,000	To support participation in a structured study regarding experiences as a \$7871 organization, legal and organizational structures, and programmatic areas in a First Nations effort to increase awareness of \$7871 organizations among Philanthropic Community.
Laguna Education Foundation	Laguna, NM	\$5,000	To support participation in a structured study regarding experiences as a \$7871 organization, legal and organizational structures, and programmatic areas in a First Nations effort to increase awareness of \$7871 organizations among Philanthropic Community.
Salt River Financial Services Institution	Scottsdale, AZ	\$5,000	To support participation in a structured study regarding experiences as a \$7871 organization, legal and organizational structures, and programmatic areas in a First Nations effort to increase awareness of \$7871 organizations among Philanthropic Community.
Ysleta del Sur Pueblo Economic Development Department	El Paso, TX	\$5,000	To support participation in a structured study regarding experiences as a \$7871 organization, legal and organizational structures, and programmatic areas in a First Nations effort to increase awareness of \$7871 organizations among Philanthropic Community.
Total Number Grants Awarded: 58		Total Amount of Grants Awarded: \$723,312	

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Our work is made possible by the extraordinary generosity of the following foundations, corporations, organizations, Tribes and individuals. We are humbled and honored by their support of First Nations Development Institute and continued commitment to building strong Native American communities.

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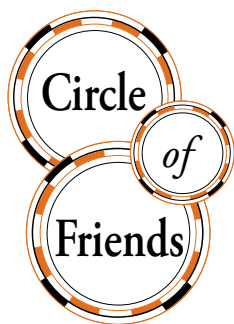
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Tina Farrenkopf  
Catherine Bryan  
Raymond Foxworth  
David Cournoyer

### *Contributing Photographers*

Montoya A. Whiteman  
First Nations' Grantees

### *Graphic Design & Printing*

Brian W. Vermillion  
Transit Marketing & Design

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**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

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

## FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

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## **INDEPENDENT AUDITORS' REPORT**

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

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

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

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

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

Ehrhardt Keefe Steiner & Hottman PC

January 6, 2010  
Denver, Colorado

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Consolidated Statements of Financial Position

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

See notes to consolidated financial statements.

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

**Consolidated Statements of Activities**

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

See notes to consolidated financial statements.



# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Consolidated Statements of Cash Flows

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

See notes to consolidated financial statements.

## FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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

##### **Organization**

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

##### **Summary of Program Activities**

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

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

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

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

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

## FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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

##### Summary of Program Activities (continued)

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

##### Principles of Consolidation

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

##### Basis of Presentation

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

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

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

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

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

##### Concentrations of Credit Risk

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

## **FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

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

##### **Cash and Cash Equivalents**

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

##### **Investments**

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

##### **Fair Value of Financial Instruments**

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

##### **Assets Restricted for Endowment**

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

##### **Receivables**

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

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

## **FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

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

##### **Property and Equipment**

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

##### **Regrants Payable**

Regrants payable represents confirmed grants to other organizations.

##### **Income Tax Status**

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

##### **Functional Expenses**

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

##### **Revenue Recognition**

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

##### **Contributions**

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

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

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



# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

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

#### Reclassifications

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

#### Subsequent Events

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

### Note 2 - Grants Receivable

Grants receivable consist of:

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

## **FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

#### **Note 2 - Grants Receivable (continued)**

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

#### **Note 3 - Notes Receivable**

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

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

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

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

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

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

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 3 - Notes Receivable (continued)**

Annual maturities of notes receivable are as follows:

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

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

### **Note 4 - Investments**

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

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

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 5 - Short-Term and Long-Term Debt

Long-term debt consists of:

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

None of the notes are collateralized.

## FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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

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

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

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

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

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

#### **Note 6 - Line-of-Credit**

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

#### **Note 7 - Net Assets**

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



# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 7 - Net Assets (continued)

Temporarily restricted net assets consist of:

	June 30, 2009		
	FNDI	First Nations Oweesta	Consolidated
Time-restricted operating	\$ 118,350	\$ -	\$ 118,350
Grantmaking	577,262	-	577,262
Native Assets Research Center	142,403	-	142,403
Policy	107,878	-	107,878
Strengthening Native American Philanthropy	166,589	-	166,589
Public Education	84,253	-	84,253
Organizational Capacity	163,790	-	163,790
First Nations Oweesta Corporation Loan Program	-	20,784	20,784
	<u>\$ 1,360,525</u>	<u>\$ 20,784</u>	<u>\$ 1,381,309</u>

	June 30, 2008		
	FNDI	First Nations Oweesta	Consolidated
Time-restricted operating	\$ 55,800	\$ -	\$ 55,800
Grantmaking	885,816	-	885,816
Native Assets Research Center	33,958	-	33,958
Policy	287,450	-	287,450
Strengthening Native American Philanthropy	291,650	-	291,650
Public Education	180,746	-	180,746
Organizational Capacity	200,000	-	200,000
First Nations Oweesta Corporation Loan Program	-	74	74
	<u>\$ 1,935,420</u>	<u>\$ 74</u>	<u>\$ 1,935,494</u>

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

### Note 8 - Retirement Plan

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

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

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 9 - Commitments and Contingencies

#### Operating Leases

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

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

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

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

Future minimum lease payments under these leases are as follows:

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

#### Government Grants

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

## FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### **Note 10 - Related Party Transactions**

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

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

The Boards of Directors have approved all related party transactions.

#### **Note 11 - Supporting Services and Regrants**

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

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

#### **Note 12 - Endowments**

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

## **FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

### **Notes to Consolidated Financial Statements**

#### **Note 12 - Endowments (continued)**

##### **Interpretation of Relevant Law**

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

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

##### **Funds with Deficiencies**

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

##### **Return Objectives and Risk Parameters**

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

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 12 - Endowments (continued)

#### Strategies Employed for Achieving Objectives

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

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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

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

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

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

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

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

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### **Note 12 - Endowments (continued)**

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

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

### **Note 13 - Fair Value Measurements**

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

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

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



# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### Note 13 - Fair Value Measurements (continued)

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

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

## **ACCOMPANYING INFORMATION**

**FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY**

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

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

# FIRST NATIONS DEVELOPMENT INSTITUTE AND SUBSIDIARY

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

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

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

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

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

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

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

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



