



Consolidated Financial Statements and Report of  
Independent Certified Public Accountants

**Indian Community School of Milwaukee, Inc. and  
Affiliate**

June 30, 2014 and 2013

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors  
Indian Community School of Milwaukee, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of Indian Community School of Milwaukee, Inc. and its related corporation, the ICS Support Organization, Inc. (collectively, the School), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's responsibility for the consolidated financial statements

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

### Auditor's responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Indian Community School of Milwaukee, Inc. and Affiliate as of June 30, 2014 and 2013, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on these consolidated financial statements as a whole. The accompanying schedules of expenses by natural classification for the years ended June 30, 2014 and 2013 and consolidating information as of and for the years ended June 30, 2014 and 2013 are presented for purposes of additional analysis, rather than to present the financial position and results of operations of the individual entities, and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information and supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Chicago, Illinois  
October 15, 2014

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30,

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,539,497	\$ 2,715,206
Interest and dividends receivable	321,386	304,332
Other receivables	26,269	98,292
Prepaid expenses	201,798	200,695
Deposits	46,691	46,490
Total current assets	3,135,641	3,365,015
Long-term investments - at fair value	483,898,952	436,084,330
Notes receivable	21,250	37,500
Property and equipment, net	50,660,236	52,000,599
Unamortized bond issue costs	255,985	267,332
<b>Total assets</b>	<b>\$ 537,972,064</b>	<b>\$ 491,754,776</b>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ -	\$ 500,000
Accounts payable - construction	139,530	1,363,185
Accounts payable - other	417,274	843,580
Accrued liabilities		
Wages and salaries	347,312	471,960
Vacation	11,052	107,317
Pension	26,395	42,851
Investment fees	457,784	624,063
Other liabilities	138,601	275,581
Total current liabilities	1,537,948	4,228,537
Interest rate swap liability	-	8,159,640
Long-term payable	83,913	23,170
Long-term debt	63,000,000	64,500,000
<b>Total liabilities</b>	64,621,861	76,911,347
<b>UNRESTRICTED NET ASSETS</b>	<b>473,350,203</b>	<b>414,843,429</b>
<b>Total liabilities and unrestricted net assets</b>	<b>\$ 537,972,064</b>	<b>\$ 491,754,776</b>

The accompanying notes are an integral part of these consolidated statements.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES**

Years ended June 30,

	2014	2013
<b>REVENUES AND OTHER SUPPORT</b>		
Investment income, net	\$ 68,004,718	\$ 46,795,746
Change in value of interest rate swap	847,088	3,548,189
Transportation fees and reimbursement	5,275	3,244
Lunch fees and meal reimbursement	172,051	160,488
Other income	982,024	63,294
Revenue from rental property, net	16,180	9,900
Total revenues and other support	70,027,336	50,580,861
<b>EXPENSES</b>		
Academic education	1,695,481	1,612,393
School administration	3,354,708	3,385,576
Library	61,582	102,055
Computer lab	86,781	87,007
Cultural education	216,572	219,015
Art education	123,962	123,543
Music education	67,517	63,396
Physical education	97,069	92,990
Food service	652,731	629,144
Facilities	1,460,543	1,242,046
Management information systems	272,441	258,541
Corporate	1,928,429	4,751,127
Instructional support	367,043	492,990
Board of directors	491,302	423,451
Human resources	108,053	132,355
Family resource center	536,348	335,309
Total expenses	11,520,562	13,950,938
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	58,506,774	36,629,923
Unrestricted net assets, beginning of year	414,843,429	378,213,506
Unrestricted net assets, end of year	\$ 473,350,203	\$ 414,843,429

The accompanying notes are an integral part of these consolidated statements.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended June 30,

	2014	2013
<b>Cash flows from operating activities</b>		
Change in unrestricted net assets	\$ 58,506,774	\$ 36,629,923
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities		
Depreciation	2,165,847	2,180,233
Change in value of interest rate swap	(847,088)	(3,548,189)
Bond issue cost amortization	11,347	11,348
Net realized gain on investments	(50,653,364)	(9,085,008)
Net unrealized gain on investments	(11,919,877)	(35,238,431)
(Gain) loss on sale of property and equipment, net	(9,630)	15,772
Change in assets and liabilities		
Other receivables	54,969	274,230
Prepaid expenses	(1,103)	(34,426)
Deposits	(201)	95,159
Accounts payable - other	(426,306)	449,567
Accounts payable - construction	20,568	(26,384)
Accrued expenses and other liabilities	(540,628)	(98,941)
Long-term payable	60,743	8,692
<b>Net cash used in operating activities</b>	<b>(3,577,949)</b>	<b>(8,366,455)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	372,487,593	78,118,893
Purchase of investments	(357,728,974)	(66,894,664)
Purchase of property and equipment	(2,079,267)	(982,658)
Proceeds from sale of property and equipment	19,190	200
Proceeds from note receivable	16,250	26,833
Payment for termination of swap	(7,312,552)	-
<b>Net cash provided by investing activities</b>	<b>5,402,240</b>	<b>10,268,604</b>
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	3,744,918	106,569
Payments on line of credit	(3,744,918)	(106,569)
Payments on bond payable	(2,000,000)	-
<b>Net cash used in financing activities</b>	<b>(2,000,000)</b>	<b>-</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(175,709)</b>	<b>1,902,149</b>
Cash and cash equivalents at beginning of year	2,715,206	813,057
Cash and cash equivalents at end of year	<b>\$ 2,539,497</b>	<b>\$ 2,715,206</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 732,014	\$ 2,170,173
Non cash additions to property and equipment	118,962	38,828

The accompanying notes are an integral part of these consolidated statements.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Indian Community School of Milwaukee, Inc. and related affiliate (collectively, the School) include the accounts of Indian Community School of Milwaukee, Inc. (ICS) and the ICS Support Organization, Inc. (SO). All intercompany accounts between the entities have been eliminated.

ICS is a not-for-profit school serving Southeastern Wisconsin Indian children, grades 4K through eighth. With Indian core values at the heart of the mission, ICS dedicates itself to provide each child in its care with the best opportunities to develop spiritually, morally, emotionally, physically, socially, artistically and intellectually in order to achieve the child's greatest personal and community potential.

The SO is a not-for-profit corporation organized as a non-functionally integrated type III supporting organization under the Internal Revenue Code (IRC) for the purpose of holding, investing and managing assets that serve to support and fund the continuous operation of ICS. Certain actions, including amending the SO's articles of incorporation or bylaws and dissolving or merging the SO, require a vote of a two-thirds majority of voting directors and the consent of an ICS-appointed director.

**1. Basis of Accounting**

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**2. Cash and Cash Equivalents**

Cash and cash equivalents consist of money market and other liquid investments with original maturity dates of three months or less, excluding cash and money market accounts included in the investments managed by the investment managers.

The School maintains its cash balances at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, the balances in these accounts may exceed the insured limits. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.



**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
Continued**

**3. Investments**

Investments are stated at fair value and are recorded at quoted market prices, if publicly traded. In accordance with the policy of stating investments at fair value, investment income includes realized and unrealized gains and losses for the year. Realized gains and losses on the sale of investments are computed based on the specific identification of investments sold. Purchases and sales of securities are recorded on a trade date basis.

The School invests in certain investments whose fair values have been estimated by management based on fair values received from fund advisors responsible for the overall management and supervision of each fund, in the absence of readily determinable fair values.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the consolidated financial statements.

Investments, including invested cash and money market mutual funds, have been designated by management as long-term, because they will be held to generate investment income to fund the School's operations, and because the School is required to maintain a specified unencumbered investment balance under the long-term lending agreements.

**4. Derivative Instruments**

The School had a program to actively manage its interest cost and exposure to interest rate movements through the use of an interest rate swap, which was terminated on August 19, 2013. The program objective was to achieve the lowest interest cost consistent with an acceptable level of risk, given varying interest rate environments. The interest rate swap was linked strategically to existing outstanding debt. The interest rate swap was recorded in the consolidated statements of financial position at fair value with the changes in value recorded in the consolidated statements of activities. See note E for additional disclosure regarding the interest rate swap.

**5. Rental Property**

Rental property consists of one building owned by the School.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
Continued**

**6. Property and Equipment**

Property and equipment consists of land, buildings, computer hardware and software, furniture and fixtures, machinery and equipment, literature, vehicles, paving, landscaping, and construction in progress, which are stated at cost at the date of acquisition or renovation or at fair value at the date contributed. Additions greater than \$750 are capitalized under the School's capitalization policy. Minor renovations, repairs and maintenance are charged to operations and maintenance as incurred. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciable lives by asset category are as follows:

Asset	Estimated life in years
Buildings	39
Computer hardware and software	3 - 5
Furniture and fixtures	5 - 20
Machinery and equipment	5 - 15
Literature	3 - 10
Vehicles	3 - 5
Paving	20
Landscaping	10

**7. Income Taxes**

Accounting guidance specifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

ICS and the SO are each exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the IRC. Nevertheless, ICS and the SO each may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The tax years ending June 30, 2011, 2012, 2013 and 2014 are still open to audit for both federal and state purposes.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
Continued**

**8. Use of Estimates**

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

**9. Allocated Expense**

The costs of operating the School have been presented on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the School's programs. Expenses that can be identified with a specific program or support service are charged directly according to their natural functional classification. Other expenses common to several functions are allocated by various statistical bases as determined by management.

**10. Reclassifications**

Certain previously reported amounts have been reclassified to conform with the current year financial statement presentation.

**NOTE B - INVESTMENTS**

The following is a summary of investments held, at fair value, for the years ended June 30:

	2014	2013
Cash and money market mutual funds	\$ 8,469,340	\$ 4,608,479
Corporate bonds	3,617,255	7,683,143
Fixed income mutual funds	45,994,044	52,919,003
U.S. government agencies	13,340,755	28,463,003
Foreign obligations	1,150,319	863,621
Equities - stocks and equity mutual funds	259,243,495	253,110,142
Private equity funds	63,350,103	56,985,879
Private real estate funds	55,299,377	21,657,167
Senior loan funds	22,459,930	-
Other private equity	10,974,334	9,793,893
	\$ 483,898,952	\$ 436,084,330

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE B - INVESTMENTS - Continued**

Investment income is comprised of the following for the years ended June 30:

	2014	2013
Dividends and interest	\$ 7,710,655	\$ 5,237,016
Net realized gains	50,653,364	9,085,008
Net unrealized gains	11,919,877	34,995,137
Direct investment fees	(2,279,178)	(2,521,415)
	\$ 68,004,718	\$ 46,795,746

Included in investments as of June 30, 2013, are funds in the amount of \$2,002,318 invested in JP Morgan Institutional Trust Services (bond proceeds) restricted for funding related to the construction of the school building. There were no restricted funds as of June 30, 2014.

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The School measures certain financial assets and liabilities at fair value. That framework provides a fair value hierarchy of the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest level ranking to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest level ranking to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Also included in Level 2 are investments measured using a net asset value (NAV) per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no significant changes in the School's valuation techniques from the prior year.

The carrying value of the following financial instruments approximate fair value due to their short term nature: cash and cash equivalents, interest and dividends receivable, other receivables, deposits and accounts payable.

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

**Corporate bonds, foreign obligations, U.S. government agencies, fixed income mutual funds:** Values are based on last reported sales or, if not traded on a national exchange or over-the-counter market, on the most recent estimates available from broker-dealers and on yields currently available on comparable securities of issuers with similar credit ratings.

**Equity stocks:** Fair values are based on closing prices for listed securities.

**Mutual funds:** Quoted market prices as of the last business day of the School's year, as determined based on the market prices for the individual investments comprising each fund.

**Private equity funds, private real estate funds, equity mutual funds, senior loan funds:** Fair values are determined using the net asset value per share as the practical expedient.

**Interest rate swap liability:** Fair value is determined based on a discounted cash flow model that considers the contractual notional amount, amortization schedule, maturity date, fixed rate, floating index, payment dates, day count convention and reset dates.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair value hierarchy, for those assets and liabilities measured on a recurring basis, at fair value as of June 30.

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Corporate bonds	\$ -	\$ 3,617,255	\$ -	\$ 3,617,255
Fixed income funds	45,994,044	-	-	45,994,044
U.S. government agencies	-	13,340,755	-	13,340,755
Foreign obligations	741,003	409,316	-	1,150,319
Equities - stocks and equity funds	136,044,472	123,199,023	-	259,243,495
Private equity funds	-	-	63,350,103	63,350,103
Private real estate funds	-	-	55,299,377	55,299,377
Senior loan funds	-	22,459,930	-	22,459,930
Other private equity	-	-	10,974,334	10,974,334
	<u>\$ 182,779,519</u>	<u>\$ 163,026,279</u>	<u>\$ 129,623,814</u>	<u>\$ 475,429,612</u>
	2013			
	Level 1	Level 2	Level 3	Total
Assets				
Money market mutual funds	\$ 1,999,578	\$ -	\$ -	\$ 1,999,578
Corporate bonds	954,171	6,728,972	-	7,683,143
Fixed income funds	52,919,003	-	-	52,919,003
U.S. government agencies	-	28,463,003	-	28,463,003
Foreign obligations	-	863,621	-	863,621
Equities - stocks and equity funds	22,575,212	230,534,930	-	253,110,142
Private equity funds	-	-	56,985,879	56,985,879
Private real estate funds	-	-	21,657,167	21,657,167
Other private equity	-	-	9,793,893	9,793,893
	<u>\$ 78,447,964</u>	<u>\$ 266,590,526</u>	<u>\$ 88,436,939</u>	<u>\$ 433,475,429</u>
Liabilities				
Interest rate swap liability	\$ -	\$ (8,159,640)	\$ -	\$ (8,159,640)

Included in investments in the 2014 and 2013 statements of financial position is \$8,469,340 and \$2,608,901, respectively, in cash and non-marketable money market funds.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

The overall objective of the investments is to grow the School's assets net of inflation and expenses. The target allocation is approximately 50% equities, 20% fixed income, and 30% alternative investments. Investment asset allocations are reviewed periodically and rebalanced to achieve target allocation amounts in asset categories when necessary.

The following table presents additional information about the School's investments, the fair values of which are estimated using the reported NAV.

	Fair value June 30, 2014	Unfunded commitments	Redemption frequency	Redemption notice period
Fund of equity funds				
Russell Institutional Funds (a)	\$ 93,737,030	\$ -	Daily	1 day
JP Morgan Emerging Markets (b)	28,706,029	-	Monthly	5 days prior to month end
JP Morgan Alpha Fund (c)	438,873	-	A	A
Wellington Common Trust Fund (d)	14,251,003	-	Monthly	10 days prior to month end
Other private equity funds				
JP Morgan Infrastructure Investment Fund (e)	10,974,334	-	B	B
Real estate				
Russell Private Real Estate (f)	34,430,932	-	Quarterly	110 days prior to quarter end
RREEF America REIT II, Inc. (f)	20,868,445	-	Quarterly	45 days prior to quarter end
UBS (US) Trumbull Property Growth & Income Fund (g)	-	12,000,000	Quarterly	60 days prior to quarter end
Private equity funds				
JP Morgan Private Equity Fund III (h)	28,475,329	2,380,510	C	C
JP Morgan Private Equity Fund IV (h)	26,070,773	15,072,250	C	C
Pantheon Global Secondary Fund III 'A' (i)	8,804,001	1,384,000	D	D
Loan fund				
Symphony Senior Loan Fund, L.P. (j)	22,459,930	-	Monthly	60 days

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

- A. The fund's board of directors ordered liquidation of the fund and return of capital to shareholders as soon as practical. The investment manager does not have an estimate as to when the fund will be completely liquidated.
  - B. Repurchases submitted prior to the 4-year soft lock-up period are subject to a 6% repurchase discount. Notices for redemption between March 31 and May 15 must be received between November 15 and December 15 and notices for redemption on September 30, must be received by June 30.
  - C. Investor withdrawals are not permitted without the prior written consent of the investment fund's board, which may be granted or withheld at its sole discretion.
  - D. This fund has a term of thirteen years from the initial closing date (July 12, 2006), subject to up to three successive one-year extensions by the General Partner and extensions thereafter by the General Partner with the consent of a majority interest of investors. Redemptions are not permitted until the thirteen year term (beginning in July 2006) is completed.
- (a) This investment includes equity funds that each employ different investment strategies. The strategies include: providing long-term growth of capital by investing primarily in equity securities, achieving excess returns above the benchmark from diversified quantitative managers who apply different mathematical approaches to modeling, employing a diversified approach whereby portions of the fund are allocated to different money managers who employ distinctive investment styles, combining advisers with different performance patterns to achieve a less volatile rate of return, and taking advantage of market trading opportunities.
  - (b) This investment includes a portfolio of equity securities, including privately placed securities of companies in emerging markets.
  - (c) This investment includes a portfolio of equity securities. The fund may invest in U.S. and non-U.S. equity securities (both long and short), options, and other equity derivatives.
  - (d) This investment includes a portfolio of international equity securities. The investment objective is to provide long-term returns, and the fund is managed on a total return basis.
  - (e) This investment includes eleven funds that invest capital in holding companies that invest in a broad range of infrastructure assets.
  - (f) This category includes investments in private core and enhanced core real estate. The fund seeks to obtain a favorable total return through income and growth.
  - (g) This investment includes a portfolio of value added real estate, including leasing, renovation, expansion, development, price dislocation and tactical opportunity. The fund seeks to obtain a favorable total return through a variety of value creation strategies, from acquiring buildings with significant vacancy and completing re-leasing without extensive capital investment to participating in group-up development joint ventures.
  - (h) This category includes investments that generate returns through investing in venture capital companies, limited partnerships and other pooled investment vehicles.
  - (i) This category includes investments in new global private equity funds. In addition to new funds, the fund will also selectively target global secondary and direct co-investments.
  - (j) This category includes investments primarily in senior loans. In addition, the fund may also invest in bonds, notes, other indebtedness of any kind, including high yield bonds, convertible securities, total return and credit default swaps and other derivatives on similar assets, options, warrants, rights, private claims, equity and debt derivatives and other securities and instruments of U.S. and non-U.S. issuers that are traded publicly and privately.



**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

The changes in investments included in Level 3 assets measured at fair value are summarized as follows:

	Private equity funds	Private real estate funds	Other private equity	Total
Balance, June 30, 2012	\$ 53,365,303	\$ 19,460,629	\$ 9,104,857	\$ 81,930,789
Total gains or losses included in earnings	(718,686)	2,196,538	371,753	1,849,605
Purchases/calls	8,809,459	-	560,576	9,370,035
Return of capital	(4,470,197)	-	(243,293)	(4,713,490)
Balance, June 30, 2013	56,985,879	21,657,167	9,793,893	88,436,939
Total gains or losses included in earnings	5,871,963	3,274,628	854,824	10,001,415
Purchases/calls	6,535,822	30,367,582	575,691	37,479,095
Return of capital	(6,043,561)	-	(250,074)	(6,293,635)
Balance, June 30, 2014	<u>\$ 63,350,103</u>	<u>\$ 55,299,377</u>	<u>\$ 10,974,334</u>	<u>\$ 129,623,814</u>

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following as of June 30:

	2014	2013
Land	\$ 4,762,290	\$ 4,762,290
Buildings	45,651,303	45,822,289
Computer hardware and software	1,790,210	1,842,704
Furniture and fixtures	8,810,218	8,560,434
Machinery and equipment	1,217,785	1,014,556
Literature	356,583	436,365
Vehicles	89,906	37,106
Paving	558,436	558,436
Landscaping	1,615,485	1,570,961
Construction in progress	205,182	95,331
	<u>65,057,398</u>	<u>64,700,472</u>
Less accumulated depreciation	<u>(14,397,162)</u>	<u>(12,699,873)</u>
	<u>\$ 50,660,236</u>	<u>\$ 52,000,599</u>

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**NOTE E - LONG-TERM DEBT**

Long-term debt consists of the following as of June 30:

	2014	2013
Wisconsin Health and Educational Facilities Authority Adjustable Rate Demand Revenue Bonds, Series 2006 issued in a weekly rate mode, with serial redemption in annual installments due on July 1, 2013, and resuming on July 1, 2016 through December 1, 2036. The interest rate was 0.05% and 0.07% on June 30, 2014 and 2013, respectively.	\$ 23,000,000	\$ 25,000,000
Wisconsin Health and Educational Facilities Authority Adjustable Rate Demand Revenue Bonds, Series 2007 issued in a weekly rate mode, with serial redemption in annual installments due on July 1, 2013, and resuming on July 1, 2016 through December 1, 2036. The interest rate was 0.05% and 0.07% on June 30, 2014 and 2013, respectively.	40,000,000	40,000,000
Less current portion of long-term debt	-	(500,000)
Total long-term debt	\$ 63,000,000	\$ 64,500,000

As part of the Series 2006 and 2007 revenue bond agreements, the School is required to maintain a letter of credit with a bank. As of June 30, 2014 and 2013, the School had \$63,604,111 available under the letter of credit, which expires December 9, 2015. There were no borrowings on the letter of credit as of June 30, 2014 and 2013. The debt requires affirmative and negative covenants, which include certain financial covenants related to liquidity. As of June 30, 2014 and 2013, the School was in compliance with the affirmative and negative covenants.

Aggregate scheduled principal payments on the outstanding debt, as amended, are as follows for each fiscal year as of June 30, 2014:

2015	\$ -
2016	-
2017	600,000
2018	900,000
2019	1,100,000
Thereafter	60,400,000
	\$ 63,000,000

Interest expense incurred in 2014 and 2013 was \$590,755 and \$2,158,915, respectively.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE E - LONG-TERM DEBT - Continued**

In August 2011, the School entered into a \$5,000,000 revolving line of credit facility used to meet normal cash requirements. Interest on borrowings is due monthly at LIBOR plus 1.1% with the principal due on August 31, 2014. The effective interest rate was 1.26% and 1.29% on June 30, 2014 and 2013, respectively. Certain investment accounts valued at \$17,529,905 and \$19,151,518 have been pledged for collateral for this debt as of June 30, 2014 and 2013, respectively. As of June 30, 2014 and 2013, there were no borrowings outstanding on the line of credit. See note I for further discussion of line of credit extension.

In October 2007, the School entered into an interest rate swap agreement with a bank to mitigate interest rate risk on the Series 2006 and 2007 revenue bonds. The swap was for a notional amount of \$48,750,000 and involved the School paying a fixed interest rate and the counterparty paying a floating rate that was tied to LIBOR and reset weekly. The swap bore a fixed interest rate of 3.74% and a stated termination date of July 1, 2027. The floating rate was 0.13% and the fair value of this swap was (\$8,159,640) as of June 30, 2013. The School elected to terminate the swap effective August 19, 2013 by paying the counterparty \$7,400,000. The payment to the counterparty included interest of \$87,448 and a fair value of the swap of \$7,312,552. The unrealized gain recognized for the year ended June 30, 2013 was \$3,548,189. The unrealized gain recognized for the period July 1, 2013 through the date of the swap termination totaled \$847,088.

**NOTE F - FUNCTIONAL EXPENSES**

Expenses by functional category are as follows for the year ended June 30:

	2014	2013
	<u>                    </u>	<u>                    </u>
Program services	\$ 9,499,072	\$ 11,714,675
General and administrative	1,997,417	2,214,186
Fundraising	24,073	22,077
	<u>\$ 11,520,562</u>	<u>\$ 13,950,938</u>

**NOTE G - EMPLOYEE BENEFIT PLAN**

The School maintains a defined contribution plan under Section 401(k) of the IRC. The 401(k) plan requires participants in the plan attain age 21 in order to make elective deferrals. All employees who meet the age eligibility requirement, except those who normally work less than 20 hours per week, are eligible to participate in the plan. Employees are eligible to receive employer matching contributions and employer discretionary contributions when they have completed one year of service and have attained age 21. Employer matching participation entry dates are July 1 or January 1, following fulfillment of the requirements.

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014 and 2013

**NOTE G - EMPLOYEE BENEFIT PLAN - Continued**

The employee contributions and investment earnings thereon are held in employee-selected investment options offered through the plan. Under this type of plan, no coverage is provided by the Pension Benefit Guaranty Corporation, a federal agency that insures certain types of benefits. As this is a defined contribution plan and has no guaranteed benefit, employees' benefits are based on the amount in their individual accounts. The School has the right to amend or to terminate the plan at any time. The School has recorded \$249,814 and \$157,862 in contributions related to the plan for the years ended June 30, 2014 and 2013, respectively.

**NOTE H - COMMITMENTS AND CONTINGENCIES**

The School is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material, adverse effect on the School's financial position, change in net assets, or liquidity.

**NOTE I - SUBSEQUENT EVENTS**

The School evaluated its June 30, 2014 consolidated financial statements for subsequent events through October 15, 2014, the date the consolidated financial statements were issued.

On September 15, 2014, the School renewed the line of credit to meet normal cash needs. Interest on borrowings is due monthly at LIBOR plus 1.1% with the principal due on November 30, 2014. The effective interest rate was 1.3% on September 15, 2014. Certain investment accounts with JP Morgan, with a value of \$17,529,905 as of June 30, 2014 have been pledged as collateral for this debt.

**SUPPLEMENTAL INFORMATION**

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**SCHEDULES OF EXPENSES BY NATURAL CLASSIFICATION**

Years ended June 30,

Expenses by natural classification	2014	2013
Salaries and wages	\$ 3,373,850	\$ 3,538,123
Payroll taxes	256,244	313,637
Employee benefits	994,294	1,004,301
Conferences, conventions and meetings	23,744	22,846
Student activities	43,800	47,434
Bus service	1,336,049	1,347,776
Temporary help	77,978	42,756
Accounting fees	80,186	68,933
Postage and shipping	8,186	8,108
Contract services	453,332	333,643
Legal fees	336,413	1,187,151
Consulting and testing	55,068	103,257
Special events	68,735	43,636
Program meals	142,998	137,480
Staff travel and meals	77,259	62,415
Supplies	138,939	142,136
Raffle and other fundraising expenses	18,815	16,298
Telephone	25,470	23,489
Utilities	275,306	263,409
Equipment repairs	85,477	69,499
Board stipend	334,420	290,585
Donations	249,801	250,026
Public relations and advertising	8,812	8,792
Bank service charges	1,189	1,440
Depreciation	2,165,847	2,180,233
Real estate tax	38,091	37,798
General insurance	96,311	86,101
Bond fees and interest	681,167	2,248,056
Miscellaneous	72,781	71,580
	<u>\$ 11,520,562</u>	<u>\$ 13,950,938</u>
Total expenses		

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

As of June 30, 2014

<b>ASSETS</b>	Indian Community School of Milwaukee, Inc.	ICS Support Organization, Inc.	Eliminations	Consolidated
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,489,690	\$ 49,807	\$ -	\$ 2,539,497
Interest and dividends receivable	5,325	316,061	-	321,386
Other receivables	26,269	-	-	26,269
Prepaid expenses	182,242	19,556	-	201,798
Deposits	46,691	-	-	46,691
Total current assets	<u>2,750,217</u>	<u>385,424</u>	<u>-</u>	<u>3,135,641</u>
Long-term investments - at fair value	17,529,905	466,369,047	-	483,898,952
Interest in ICS Support Organization	466,227,825	-	(466,227,825)	-
Notes receivable	21,250	-	-	21,250
Property and equipment, net	50,660,236	-	-	50,660,236
Unamortized bond issue costs	255,985	-	-	255,985
<b>Total assets</b>	<u><u>\$ 537,445,418</u></u>	<u><u>\$ 466,754,471</u></u>	<u><u>\$ (466,227,825)</u></u>	<u><u>\$ 537,972,064</u></u>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable - construction	\$ 139,530	\$ -	\$ -	\$ 139,530
Accounts payable - other	344,491	72,783	-	417,274
Accrued liabilities				
Wages and salaries	347,312	-	-	347,312
Vacation	11,052	-	-	11,052
Pension	26,395	-	-	26,395
Investment fees	13,908	443,876	-	457,784
Other liabilities	128,614	9,987	-	138,601
Total current liabilities	<u>1,011,302</u>	<u>526,646</u>	<u>-</u>	<u>1,537,948</u>
Long-term payable	83,913	-	-	83,913
Long-term debt	63,000,000	-	-	63,000,000
<b>Total liabilities</b>	<u>64,095,215</u>	<u>526,646</u>	<u>-</u>	<u>64,621,861</u>
<b>UNRESTRICTED NET ASSETS</b>	<u>473,350,203</u>	<u>466,227,825</u>	<u>(466,227,825)</u>	<u>473,350,203</u>
<b>Total liabilities and unrestricted net assets</b>	<u><u>\$ 537,445,418</u></u>	<u><u>\$ 466,754,471</u></u>	<u><u>\$ (466,227,825)</u></u>	<u><u>\$ 537,972,064</u></u>

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
Year ended June 30, 2013

<b>ASSETS</b>	Indian Community School of Milwaukee, Inc.	ICS Support Organization, Inc.	Eliminations	Consolidated
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,666,221	\$ 48,985	\$ -	\$ 2,715,206
Interest and dividends receivable	13,567	290,765	-	304,332
Intercompany receivable	6,353	-	(6,353)	-
Other receivables	34,187	64,105	-	98,292
Prepaid expenses	195,333	5,362	-	200,695
Deposits	46,490	-	-	46,490
Total current assets	2,962,151	409,217	(6,353)	3,365,015
Long-term investments - at fair value	21,153,836	414,930,494	-	436,084,330
Interest in ICS Support Organization	414,621,955	-	(414,621,955)	-
Notes receivable	37,500	-	-	37,500
Property and equipment, net	52,000,599	-	-	52,000,599
Unamortized bond issue costs	267,332	-	-	267,332
<b>Total assets</b>	<b>\$ 491,043,373</b>	<b>\$ 415,339,711</b>	<b>\$ (414,628,308)</b>	<b>\$ 491,754,776</b>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt	\$ 500,000	\$ -	\$ -	\$ 500,000
Accounts payable - construction	1,363,185	-	-	1,363,185
Accounts payable - other	741,839	101,741	-	843,580
Accrued liabilities				
Wages and salaries	471,960	-	-	471,960
Vacation	107,317	-	-	107,317
Pension	42,851	-	-	42,851
Investment fees	14,401	609,662	-	624,063
Intercompany payable	-	6,353	(6,353)	-
Other liabilities	275,581	-	-	275,581
Total current liabilities	3,517,134	717,756	(6,353)	4,228,537
Interest rate swap liability	8,159,640	-	-	8,159,640
Long-term payable	23,170	-	-	23,170
Long-term debt	64,500,000	-	-	64,500,000
<b>Total liabilities</b>	<b>76,199,944</b>	<b>717,756</b>	<b>(6,353)</b>	<b>76,911,347</b>
<b>UNRESTRICTED NET ASSETS</b>	<b>414,843,429</b>	<b>414,621,955</b>	<b>(414,621,955)</b>	<b>414,843,429</b>
<b>Total liabilities and unrestricted net assets</b>	<b>\$ 491,043,373</b>	<b>\$ 415,339,711</b>	<b>\$ (414,628,308)</b>	<b>\$ 491,754,776</b>



**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
Year ended June 30, 2014

	Indian Community School of Milwaukee, Inc.	ICS Support Organization, Inc.	Eliminations	Consolidated
<b>REVENUES AND OTHER SUPPORT</b>				
Cost sharing income	\$ 81,999	\$ -	\$ (81,999)	\$ -
Distributions from ICS Support Organization	14,042,400	-	(14,042,400)	-
Investment income, net	2,074,770	65,929,948	-	68,004,718
Change in value of interest rate swap	847,088	-	-	847,088
Transportation fees and reimbursement	5,275	-	-	5,275
Lunch fees and meal reimbursement	172,051	-	-	172,051
Other income	982,024	-	-	982,024
Revenue from rental property, net	16,180	-	-	16,180
	<u>18,221,787</u>	<u>65,929,948</u>	<u>(14,124,399)</u>	<u>70,027,336</u>
<b>Total revenues and other support</b>				
<b>EXPENSES</b>				
Academic education	1,695,481	-	-	1,695,481
School administration	3,354,708	-	-	3,354,708
Library	61,582	-	-	61,582
Computer lab	86,781	-	-	86,781
Cultural education	216,572	-	-	216,572
Art education	123,962	-	-	123,962
Music education	67,517	-	-	67,517
Physical education	97,069	-	-	97,069
Food service	652,731	-	-	652,731
Facilities	1,460,543	-	-	1,460,543
Management information systems	272,441	-	-	272,441
Corporate	1,880,465	14,172,363	(14,124,399)	1,928,429
Instructional support	367,043	-	-	367,043
Board of directors	339,587	151,715	-	491,302
Human resources	108,053	-	-	108,053
Family resource center	536,348	-	-	536,348
	<u>11,320,883</u>	<u>14,324,078</u>	<u>(14,124,399)</u>	<u>11,520,562</u>
<b>Total expenses</b>				
<b>CHANGE IN NET ASSETS</b>				
	6,900,904	51,605,870	-	58,506,774
Unrestricted net assets, beginning of year	414,843,429	414,621,955	(414,621,955)	414,843,429
Change in value of the ICS Support Organization	51,605,870	-	(51,605,870)	-
	<u>\$ 473,350,203</u>	<u>\$ 466,227,825</u>	<u>\$ (466,227,825)</u>	<u>\$ 473,350,203</u>
<b>Net assets, end of year</b>				

**INDIAN COMMUNITY SCHOOL OF MILWAUKEE, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
Year ended June 30, 2013

	Indian Community School of Milwaukee, Inc.	ICS Support Organization, Inc.	Eliminations	Consolidated
<b>REVENUES AND OTHER SUPPORT</b>				
Cost sharing income	\$ 157,306	\$ -	\$ (157,306)	\$ -
Distributions from ICS Support Organization	11,948,533	-	(11,948,533)	-
Investment income, net	1,292,562	45,503,184	-	46,795,746
Change in value of interest rate swap	3,548,189	-	-	3,548,189
Transportation fees and reimbursement	3,244	-	-	3,244
Lunch fees and meal reimbursement	160,488	-	-	160,488
Other income	63,294	-	-	63,294
Revenue from rental property, net	9,900	-	-	9,900
<b>Total revenues and other support</b>	<b>17,183,516</b>	<b>45,503,184</b>	<b>(12,105,839)</b>	<b>50,580,861</b>
<b>EXPENSES</b>				
Academic education	1,612,393	-	-	1,612,393
School administration	3,385,576	-	-	3,385,576
Library	102,055	-	-	102,055
Computer lab	87,007	-	-	87,007
Cultural education	219,015	-	-	219,015
Art education	123,543	-	-	123,543
Music education	63,396	-	-	63,396
Physical education	92,990	-	-	92,990
Food service	629,144	-	-	629,144
Facilities	1,242,046	-	-	1,242,046
Management information systems	258,541	-	-	258,541
Corporate	4,628,254	12,228,712	(12,105,839)	4,751,127
Instructional support	492,990	-	-	492,990
Board of directors	280,524	142,927	-	423,451
Human resources	132,355	-	-	132,355
Family resource center	335,309	-	-	335,309
<b>Total expenses</b>	<b>13,685,138</b>	<b>12,371,639</b>	<b>(12,105,839)</b>	<b>13,950,938</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,498,378</b>	<b>33,131,545</b>	<b>-</b>	<b>36,629,923</b>
Unrestricted net assets, beginning of year	378,213,506	381,490,410	(381,490,410)	378,213,506
Change in value of the ICS Support Organization	33,131,545	-	(33,131,545)	-
<b>Net assets, end of year</b>	<b>\$ 414,843,429</b>	<b>\$ 414,621,955</b>	<b>\$ (414,621,955)</b>	<b>\$ 414,843,429</b>