



**FY 2018**  
**Performance and Accountability**  
**Report**

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November 15, 2018

## Message from the Chair of the Board of Trustees

### **FY 2018 Performance and Accountability Report**

During FY 2018, the Udall Foundation continued to strengthen its organizational structure with the addition of a General Counsel with substantial federal experience. The Udall Foundation operates as a lean organization with full accountability to the Board of Trustees, a clear mission, and a focus on effective stewardship of Federal funds.

The Board of Trustees has been fully engaged in the management of the Udall Foundation and has worked closely with the management team. I know that I speak for the entire Board when I say that I am very proud of the work all of our staff have done.

I am pleased to submit the Morris K. Udall and Stewart L. Udall Foundation's Performance and Accountability Report (PAR) for FY 2018. This report presents financial and performance information that demonstrates the Udall Foundation's commitment to maintaining the legacies of Morris K. Udall and Stewart L. Udall as described in its enabling legislation.

The Udall Foundation continues to pursue high standards for accountability, transparency, and ethics. The Udall Foundation seeks to embody integrity, civility, consensus, public service, and non-partisanship, values that were lived by Morris Udall and Stewart Udall.

It gives me great satisfaction, therefore, to report that the attached audit indicates that financial reporting accurately reflects the operations of the Udall Foundation. The Board extends its thanks to those who have provided support to the Udall Foundation and believes the efforts reported above and in this report justify the continued support of our activities.



Eric D. Eberhard  
Chair of the Board of Trustees

November 15, 2018

## Message from the Executive Director

### **FY 2018 Performance and Accountability Report**

I am pleased to submit the Morris K. Udall and Stewart L. Udall Foundation's Performance and Accountability Report (PAR) for FY 2018. This report presents management, performance, and financial information that demonstrate our commitment to maintaining the legacies of Morris Udall and Stewart Udall as authorized in the Udall Foundation's enabling legislation. It is noteworthy to report the Udall Foundation's 17th consecutive unqualified audit opinion, a reflection of our continuing efforts to ensure good financial stewardship while aligning those efforts with our strategic plan.

The Udall Foundation continues to pursue high standards for accountability, transparency, and ethics. The Udall Foundation seeks to embody integrity, civility, consensus, public service, and non-partisanship, values that were lived by Morris Udall and Stewart Udall. While we continue to improve our internal controls and ethics programs, we also seek greater transparency with the public.

This PAR reports the status of the Udall Foundation's compliance with applicable legal and regulatory requirements and the steps we are taking to improve our financial performance and management, while also providing the measurable results of our programs.

The financial and performance information presented in this report is fundamentally complete and reliable as required by the Office of Management and Budget (OMB). The annual assurance statement required by the Federal Managers' Financial Integrity Act of 1982 (FMFIA) concludes that the Udall Foundation can provide reasonable assurance that its systems of management, accounting, and administrative controls, taken as a whole, meet the objectives specified in Section 2 of the FMFIA.



Philip J. Lemanski  
Executive Director

# Section I – Management’s Discussion and Analysis

## Introduction

The Government Performance and Results Modernization Act of 2010 requires each Federal agency to report annually on its progress in meeting the goals and objectives established by its Strategic Plan. The Morris K. Udall and Stewart L. Udall Foundation’s (Udall Foundation) Fiscal Year (FY) 2018 Performance and Accountability Report (PAR) presents to Congress, the President, and the American people detailed information about progress in meeting the Udall Foundation’s strategic goals, strategic objectives, performance goals, and related measures.

The Udall Foundation’s Strategic Plan establishes overall long-term priorities and performance goals by which the Udall Foundation can gauge progress toward meeting its strategic objectives. The Udall Foundation’s Board of Trustees, working closely with the staff, aligned the Strategic Plan with the Udall Foundation’s enabling legislation.

The Udall Foundation’s performance management approach links strategic goals to program activities and outcomes. The strategic planning and performance reporting cycle results in ongoing programmatic assessment and continuous operational improvement to deliver meaningful outcomes.

The Udall Foundation has chosen to produce a combined Performance and Accountability Report (PAR) for FY 2018. The Udall Foundation’s PAR for FY 2018 provides information on the current status of the performance of the Udall Foundation’s strategic goals for its FY 2018-2022 Strategic Plan and financial information that enables Congress and the public to assess its performance relative to the resources used. This PAR satisfies the reporting requirements as outlined in OMB Circulars No. A-11 and A-136 and meets Government Performance and Results Act requirements.

## Agency and Mission Information

The Morris K. Udall Foundation (Udall Foundation) was established by the U.S. Congress in 1992 as an independent executive branch agency to honor Morris K. Udall's lasting impact on this Nation’s environment, public lands, and natural resources, and his support of the rights and self-governance of Native Americans and Alaska Natives (P.L. 102-259). The 1998 Environmental Policy and Conflict Resolution Act (P.L. 105-156) created the U.S. Institute for Environmental Conflict Resolution as a program of the Udall Foundation to assist parties in resolving environmental, public lands, and natural resources conflicts nationwide that involve Federal agencies or interests. In 2000, Congress authorized the Udall Foundation to conduct management and leadership education and provide assistance and resources for policy analysis for Native American and Alaska Native leaders (P.L. 106-568). In 2009, Congress enacted legislation to honor Stewart L. Udall and add his name to the Udall Foundation (P.L. 111-90). The agency is now known as the Morris K. Udall and Stewart L. Udall Foundation. The Udall Foundation’s enabling legislation is codified at 20 U.S.C. 5601-5609. The Udall Foundation is located in Tucson, Arizona, and Washington, D.C.

The Udall Foundation awards scholarships, fellowships, and internships for study in fields related to the environment and to Native Americans and Alaska Natives in fields related to health care and Tribal public policy; connects youth from underserved communities to the Nation’s public lands and natural resources to foster greater understanding, appreciation, stewardship, and enjoyment of those lands and resources through photography, positive outdoor experiences, and environmental education through Parks in Focus®; provides funding to the Native Nations Institute for research, education, and outreach on Native

American and Alaska Native health care issues and Tribal public policy issues; provides funding to the Udall Center for Studies in Public Policy to conduct policy research and outreach on the environment and related themes; and provides assessment, mediation, training, and other related services through the U.S. Institute for Environmental Conflict Resolution.

The Strategic Plan for fiscal years 2018–2022 establishes an agency-wide vision, direction, and priorities for operations and programs for five years. The Strategic Plan facilitates the integration of the Udall Foundation’s four programs and the allocation of resources to achieve key goals. Development of the Strategic Plan included consultation with the Udall Foundation’s Board of Trustees and other stakeholders to incorporate their direction.

Programs funded by Trust Fund revenues are directly impacted by changes in interest rates. In addition, the environmental conflict resolution services that Federal agencies seek from the Udall Foundation fluctuate over time due to a number of factors including available resources, need for services, and development of an agency’s internal expertise.

The Udall Foundation must try to meet the growing need for its programs by seeking new partnerships to help fund important programs and initiatives as well as developing relationships with new agencies and Tribes that require its services.

## Vision Statement

Leaders in the fields of education, environment, public policy, and in Native Nations will demonstrate the Udall core values of integrity, civility, consensus, public service, and non-partisanship in service to the common good of our country.

## Mission Statement

We promote public service through *research, education, and programs* that

- foster leadership, education, collaboration, and conflict resolution in the areas of environment, public lands, Native Nations, and natural resources to encourage the continued use and appreciation of our Nation’s rich resources;
- support the development of self-governance to strengthen Native Nations; and
- assist Federal agencies and others to resolve environmental conflicts.

## Values Statement

Our core values exemplify the legacy of Morris and Stewart Udall and the way in which they served the public, and they provide a framework upon which all Udall Foundation programs, services, and activities are based.

- Integrity
- Civility
- Consensus
- Public Service
- Non-partisanship

We commit to these values in everything we do.

## Scope of Responsibilities

The Strategic Plan is based on the Udall Foundation's enabling legislation, which establishes its mission and authority. The Udall Foundation accomplishes its mission through four programs:

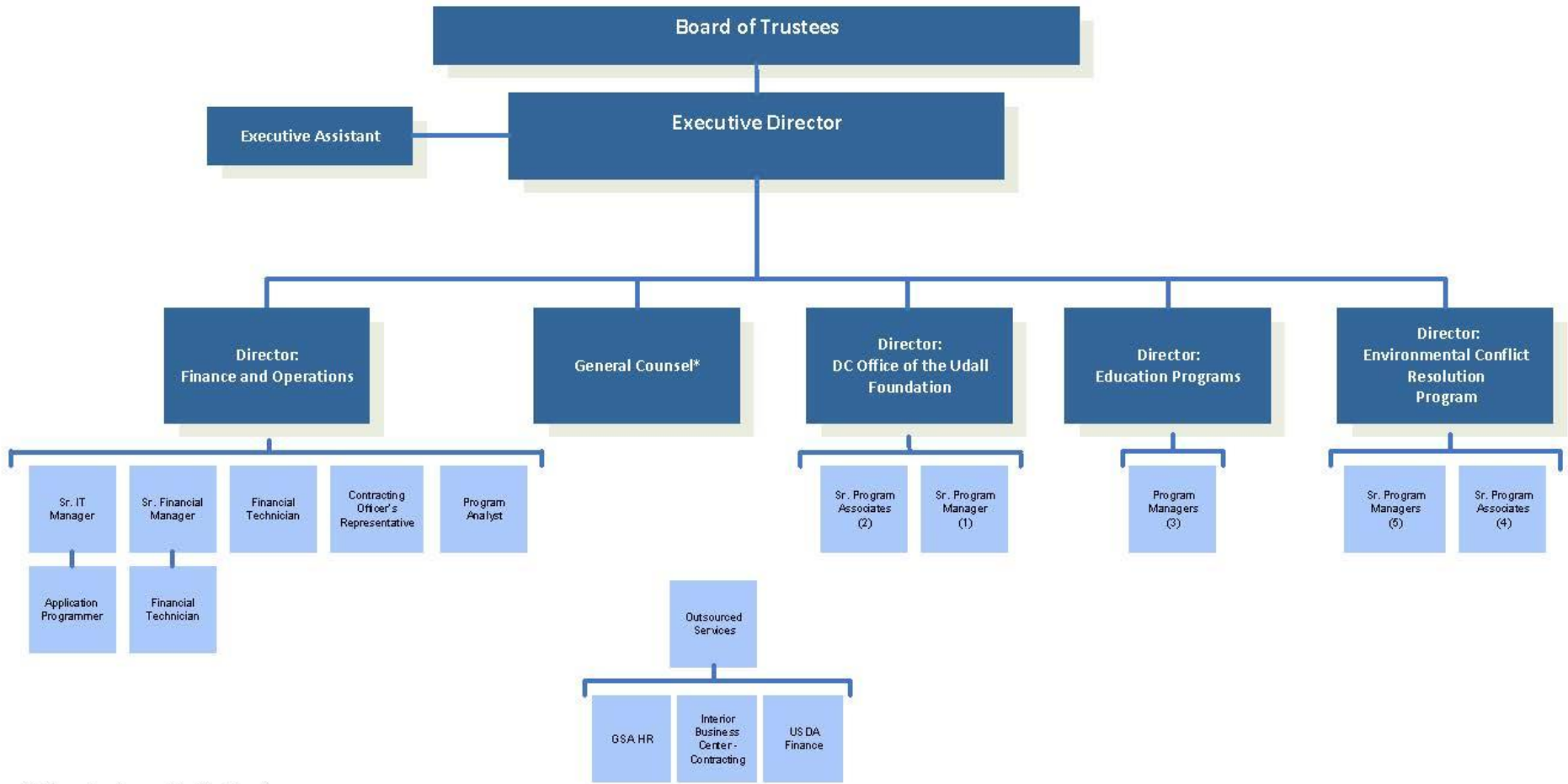
- ***Education Programs***, including *Native American Congressional Internships*, which award internships annually to deserving and qualified Native American and Alaska Native undergraduate, graduate, and law students in order to provide them with practical experience with the Federal legislative process; *Native American Fellowships*, which award fellowships to outstanding Native American and Alaska Native graduate students who intend to pursue advanced degrees in health care and Tribal public policy, including law and medicine; *Stewart L. Udall Parks in Focus® program* (Parks in Focus®), which fosters greater understanding, appreciation, stewardship, and enjoyment of the Nation's public lands and natural resources by connecting youth from underserved communities to nature through photography, positive outdoor experiences, and environmental education; and *Udall Undergraduate Scholarships*, which award scholarships annually to outstanding students who intend to pursue careers related to the environment, Tribal public policy, or Native American health care.
- ***The Native Nations Institute for Leadership, Management, and Policy*** (NNI), a program of the Udall Center for Studies in Public Policy at the University of Arizona, which is a self-determination, governance, and development resource for Native Nations. NNI's programs of policy analysis and research, education, digital resources, and Tribal services are grounded in its research findings called Native Nation Building. The Udall Foundation and the University of Arizona cofounded NNI, building on the research programs of the Harvard Project on American Indian Economic Development and extending the legacy of Morris K. Udall and Stewart L. Udall.
- ***Udall Center for Studies in Public Policy*** (Udall Center), a unit of the University of Arizona under the Senior Vice President for Research, Discovery, and Innovation, which supports policy-relevant, interdisciplinary research, science-policy dialogues, and other endeavors that link scholarship and education with decision-making, particularly in the areas of water security and management, climate change adaptation and planning, and ecosystem services valuation and protection, primarily in the Southwest and U.S.-Mexico border region.
- ***The U.S. Institute for Environmental Conflict Resolution*** (U.S. Institute), which provides impartial collaboration, consensus-building, and conflict resolution services on a wide range of environmental, natural and cultural resources, Tribal, and public lands issues involving the Federal Government. The U.S. Institute's range of services includes consultations, assessments, process design, convening, mediation, facilitation, training, stakeholder engagement, Tribal consultation, and other related collaboration and conflict resolution activities authorized by the Udall Foundation's enabling legislation.

## Organizational Structure

In FY 2013, the Board of Trustees approved an organizational structure that increased accountability while reducing management layers. The attached organizational chart illustrates this structure. The Udall Foundation has 29 FTEs.



The Morris K. Udall and Stewart L. Udall Foundation  
Organizational Chart



\* Also a direct report to the Board

10/4/16

## Section II - Performance

### Education Programs

The Udall Foundation is authorized to award scholarships, fellowships, internships, and grants for educational purposes. The specific areas permitted by the enabling legislation are the following:

Scholarships, which are awarded to college undergraduates who (a) intend to pursue careers related to the environment or (b) are Native American or Alaska Native who intend to pursue careers in Tribal public policy or health care;

Internships, including awards to Native American and Alaska Native undergraduate, graduate, and law students in the areas of Tribal public policy or health care to participate in internships in Federal, State, and Local agencies or in offices of major public health or public policy organizations;

Fellowships to Native American and Alaska Native graduate students in the areas of Tribal public policy and health care, including law and medicine, and to graduate students pursuing advanced degrees in fields related to the environment; and

Grants to the Udall Center for Studies in Public Policy at the University of Arizona, for various purposes including research on environmental policy and natural resources management, Native American and Alaska Native health care issues, and Tribal public policy issues.

Scholarships, Fellowships, and Grants are funded through annual interest earned from the Morris K. Udall and Stewart L. Udall Trust Fund (Trust Fund). Interest is allocated by law as follows: at least 50 percent for scholarships, internships, and fellowships; at least 20 percent for grants to the Udall Center; and a maximum of 15 percent for salaries and other administrative costs. Parks in Focus® and other activities are funded from the remaining 15 percent of Trust Fund income and by gifts and donations.

One of the Udall Foundation's purposes is to develop resources to train Native American and Alaska Native professionals in health care and Tribal public policy by developing management and leadership training of those involved in Tribal leadership and providing assistance and resources for policy analysis. To further this goal, the Udall Foundation cofounded the Native Nations Institute for Leadership, Management, and Policy (NNI) with the University of Arizona in 2000. NNI serves as a self-determination, governance, and development resource. Congress has authorized the Udall Foundation to transfer a portion of its Trust Fund appropriations in each of fiscal years 2001 through 2018 for the purposes of NNI. In 18 years, the Udall Foundation has transferred a total of \$15 million to NNI.

### The U.S. Institute for Environmental Conflict Resolution

The U.S. Institute provides impartial collaboration, consensus-building, and conflict resolution services on a wide range of environmental, natural and cultural resources, Tribal, and public lands issues involving the Federal Government. Congress has provided annual operating appropriations for the U.S. Institute every year since fiscal 1999. The U.S. Institute is also authorized to collect and retain fees for services it provides.

# Strategic Goals, Strategic Objectives, and Performance Goals

The Udall Foundation's FY 2018-2022 Strategic Plan implements goals that further its mission and purpose. Three strategic goals, with their attendant objectives and performance goals, guide the Udall Foundation's activities. These strategic goals are shown on pages 12-14.

# Udall Foundation Strategic Goals, Strategic Objectives, and Performance Goals

## Strategic Goal 1

Strengthen the appreciation, stewardship, and collaborative processes for governance of the environment, public lands, and natural resources

### Strategic Objectives

#### 1.1

Provide organizational assistance and information resources to build capacity for collaborative decision-making and public participation related to environmental conflicts and natural resources issues involving Federal agencies and interests

#### 1.2

Provide services and information resources to resolve environmental, public lands, and natural resources issues among governmental and nongovernmental stakeholders

#### 1.3

Provide educational opportunities to promote understanding and appreciation of the environment and natural resources

### Performance Goals

#### 1.1.1

Provide a training program to further the use of environmental conflict resolution, collaborative decision-making, and consensus building

#### 1.1.2

Convene and facilitate policy dialogues and forums, and host conferences to further awareness and use of environmental conflict resolution and collaboration

#### 1.1.3

Conduct research that informs environmental policy and natural resources management

#### 1.2.1

Provide case consultation services and mediator referrals to increase the use of environmental conflict resolution and collaboration involving Federal agencies and affected stakeholders

#### 1.2.2

Provide assessment, mediation, and facilitation services that address environmental, public lands, and natural resources conflicts involving Federal agencies and affected stakeholders

#### 1.3.1

Award scholarships to outstanding undergraduate students who intend to pursue careers related to the environment

#### 1.3.2

Provide educational programs, training, and resources with the purpose of connecting youth to nature and public lands through photography and outdoor learning

## Strategic Goal 2

Strengthen Native Nations to facilitate their self-determination, governance, and human capital goals

### Strategic Objectives

#### 2.1

Provide education and training to Native Nations and non-Native entities or individuals who engage with Native Nations

#### 2.2

Provide information resources, assist to build capacity, and deliver services to support the resolution of environmental, environmental public health, public lands, cultural resources, and natural resources issues that concern Native Nations

### Performance Goals

#### 2.1.1

Provide Native Nations with information resources and tools for leadership and governance that will enable them to achieve their strategic goals

#### 2.1.2

Provide policy analysis and research to support Native Nations

#### 2.1.3

Award scholarships to outstanding Native American and Alaska Native undergraduate students who intend to pursue careers in Tribal public policy or health care

#### 2.1.4

Award internships to deserving and qualified Native American and Alaska Native undergraduate, graduate, and law students in the areas of Tribal public policy or health care

#### 2.1.5

Award fellowships to outstanding Native American and Alaska Native graduate students in the areas of Tribal public policy and health care, including law and medicine

#### 2.2.1

Provide assessment, mediation, facilitation, and related services on issues that concern Native Nations

#### 2.2.2

Develop communities of practice and provide training to build capacity and enhance collaboration and conflict resolution between Federal agencies and Native Nations

### Strategic Goal 3

Foster the professional development, growth, and ability of Udall Foundation employees within a collegial working environment

### Strategic Objectives

#### 3.1

Foster an organizational culture that promotes learning and demonstrates a commitment to elevating the capabilities and leadership skills of all employees

### Performance Goals

#### 3.1.1

Orient and train employees in the Vision, Mission, and Values of the Udall Foundation

#### 3.1.2

Orient and train employees in Udall Foundation and Federal policies and procedures

#### 3.1.3

Cross-train employees within key positions to assure continuity and quality of service

#### 3.1.4

Continue to provide professional and career development opportunities

#### 3.1.5

Encourage opportunities for experience and cross-training across Udall Foundation programs and functions

# Performance Structure Overview

## Completeness and Reliability of Data

The Udall Foundation has established methods and measures to assess progress in meeting its strategic goals, strategic objectives, and performance goals. The visual summary on pages 12 through 14 illustrates the alignment of the differing levels of goals and objectives, and the associated funding sources.

Performance data for the Udall Foundation is collected using output measures such as the number of scholarships, consultations, trainings, and other services, as well as outcome measures that capture participant feedback on the quality and value of services and programs.

The Udall Foundation solicits performance feedback from members of the public and agency representatives who were participants in, and users of, U.S. Institute services, and participants in the various education programs. Native Nations Institute also solicits performance feedback for its programs and the results are shown in this report. All of these program participants represent an independent external source of evaluative feedback. In designing data collections, the Udall Foundation balances the desire for and value of in-depth feedback with the burden such requests place on the public as well as the associated administrative costs of such collections.

The Udall Foundation's performance data is reasonably complete and reliable, as defined by the Government Performance and Results Act of 1993, and is used regularly by program managers to make both strategic and operational decisions.

## Summary of Performance Evaluations Conducted During FY 2018

To obtain performance data, the U.S. Institute administered surveys to service recipients for completed FY 2018 processes and services as allowed, and when appropriate. Respondents are surveyed at the conclusion of services or at the end of a significant phase of a process or service (e.g., the end of a training, the completion of an assessment or mediation). For more information on the data collections, see the Data Validation and Verification section in Appendix A.

The education programs use a system of debriefings, direct observation, and follow up phone calls to assess the value to and satisfaction of scholarship and internship recipients as well as Parks in Focus® participants.

## External Factors Affecting Progress and Future Actions

If Federal appropriations decrease, a corresponding decrease in the budgets of Federal agencies that use the Udall Foundation's environmental conflict resolution services is expected to result in reduced funding available for travel, trainings, conferences, forums, and potentially for the Udall Center's research initiatives that are specifically funded by Federal agencies. The Udall Foundation must continue to develop new Federal and non-Federal partnerships to diversify funding sources.

The scholarship and fellowship programs are funded by the interest earned on Trust Fund investments in Treasury obligations.

Beginning in FY 2017, interest rates began to rise and the Udall Foundation purchased two \$3 million long-term bonds with different maturities. The Udall Foundation will continue to monitor interest rates to identify bonds with maturity dates different from the current holdings.

The Udall Foundation intends to increase awareness of its programs through outreach to research and educational institutions as well as to private foundations and other potential funding partners. In addition,

the U.S. Institute, which collects fees for its work, is strengthening and expanding its marketing outreach to a more diverse group of Federal agencies. In FY 2016, the Udall Foundation and the Western National Parks Association (WNPA) entered into a Memorandum of Understanding that designated WNPA as the official nonprofit partner of the Parks in Focus® program. Through this agreement, WNPA conducts fundraising activities and provides financial and logistical support to help Parks in Focus® engage new generations with our National Parks and other public lands. This partnership continued throughout FY 2018.

## Management Challenges

While the organizational changes to streamline the Udall Foundation have resulted in greater accountability and reduced cost, periodic fluctuations in staffing levels affect revenue generation and can create unsustainable workloads for extended periods of time. Furthermore, as a small, independent Federal agency, the Udall Foundation must find cost-effective means to comply with a wide variety of laws and statutes. One solution has been to outsource the processing of financial transactions and financial reporting to the U.S. Department of Agriculture (USDA) and human resources needs to the U.S. General Services Administration (GSA). The Udall Foundation has also outsourced contracting to the U.S. Department of the Interior's (DOI) Interior Business Center.



## Annual Performance

This PAR focuses on FY 2018 performance under the Udall Foundation’s 2018-2022 Strategic Plan.

### Strategic Goal 1: Environmental Dispute Resolution Fund - the U.S. Institute for Environmental Conflict Resolution (ECR) Program

**Strategic Goal 1: Strengthen the appreciation, stewardship, and collaborative processes for governance of the environment, public lands, and natural resources.**

**Strategic Objective 1.1:** Provide organizational assistance and information resources to build capacity for collaborative decision-making and public participation related to environmental conflicts and natural resources issues involving Federal agencies and interests.

<b>Performance Goal 1.1.1:</b> Provide a training program to further the use of environmental conflict resolution, collaborative decision-making, and consensus building.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of trainings provided.	FY 2017	9	14
	FY 2018	9	14
	FY 2019	9	
	FY 2020	9	

Measure 2: Percent of ECR training participants who report what they take away from the training will have a very positive impact on their effectiveness in the future.	FY 2017	87%	90%
	FY 2018	87%	98%
	FY 2019	87%	
	FY 2020	87%	

During FY 2018, the U.S. Institute delivered 14 trainings in collaborative problem solving and conflict resolution. The training program’s strategic approach has been altered to include a near term focus on refining and improving the training portfolio to reflect changes in the environmental collaboration and conflict resolution (ECCR) field, to update outdated graphics and materials, and to modernize content to respond to the evolving needs of Federal agencies addressing environmental and public policy-related issues. The U.S. Institute solicited feedback from training participants through an end-of-session evaluation questionnaire. Evaluation feedback indicated the U.S. Institute exceeded its performance target of 87%, with 98% of respondents indicating that the training will have a very positive impact on their effectiveness in the future.

<b>Performance Goal 1.1.2:</b> Convene and facilitate policy dialogues and forums, and host conferences to further awareness and use of environmental conflict resolution and collaboration.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of initiatives.	FY 2017	At least 3	5
	FY 2018	At least 3	4
	FY 2019	At least 3	
	FY 2020	At least 3	

The U.S. Institute continued its efforts to provide services that further awareness and use of environmental collaboration and conflict resolution within the Federal Government. Initiatives supported by the U.S. Institute during FY 2018 included the following:

- Production of the Council on Environmental Quality (CEQ) Report, *Environmental Collaboration and Conflict Resolution (ECCR): Enhancing Agency Efficiency and Making Government Accountable to the People*, published on NEPA.gov on May 2, 2018.
- Facilitation of three meetings of the Federal Forum on Collaboration and Conflict Resolution, an interagency forum for the exchange of information, advice, and guidance about ECCR use and practice in the Federal Government.
- Supported the organization and implementation of the Association for Conflict Resolution Environment and Public Policy Conference in Washington, D.C., in June 2018.
- Assisting with implementation of Executive Order 13604 – Improving Performance of Federal Permitting and Review of Infrastructure Projects (March 2012) by providing consultation and services to the Federal Permitting Improvement Steering Council.

In response to budget uncertainty, the Udall Foundation strategically invested resources in this service area during FY 2018. The Udall Foundation considered opportunities that would provide broad benefits to the Federal Government with prudent staff and financial investments. For example, the U.S. Institute partnered with the Association for Conflict Resolution to conduct its annual conference instead of continuing its own bi-annual ECR conference series, which would require a higher degree of resource investment. To align with national priorities, the Udall Foundation has pursued opportunities with the Federal Permitting Improvement Steering Council to support streamlining infrastructure permitting.

**Strategic Objective 1.2:** Provide services and information resources to resolve environmental, public lands, and natural resources issues among governmental and nongovernmental stakeholders.

<b>Performance Goal 1.2.1:</b> Provide case consultation services and mediator referrals to increase the use of environmental conflict resolution and collaboration involving Federal agencies and affected stakeholders.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of case consultations.	FY 2017	60	24
	FY 2018	30	36
	FY 2019	30	
	FY 2020	30	

The U.S. Institute’s baseline consultation services are available without charge to help Federal agencies and other stakeholders explore the potential benefits of environmental conflict resolution and collaboration. The target of 30 consultations was exceeded in FY 2018 with 36 consultations.

Measure 2: Number of ECR Roster searches	FY 2017	N/A	414
	FY 2018	370	423
	FY 2019	370	
	FY 2020	370	

During FY 2018, the U.S. Institute continued to maintain the National Roster of ECR Professionals (Roster), a searchable database that allows any stakeholder to identify qualified mediators and facilitators by geographic area. In FY 2018, 423 searches were conducted using the Roster.

<b>Performance Goal 1.2.2:</b> Provide assessment, mediation, and facilitation services that address environmental, public lands, and natural resources conflicts involving Federal agencies and affected stakeholders.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of assessments, facilitations, and mediations.	FY 2017	35	34
	FY 2018	35	36
	FY 2019	35	
	FY 2020	35	

During FY 2018, the U.S. Institute provided 36 neutral assessments, mediations, or facilitations to address environmental, public lands, and natural resources conflicts involving Federal agencies and affected stakeholders.

Measure 2: Percent of assessments for which the majority of responding stakeholders strongly agree that the U.S. Institute helped them determine how best to proceed to resolve their conflict.	FY 2017	88%	100%
	FY 2018	88%	100%
	FY 2019	88%	
	FY 2020	88%	

Measure 3: Percent of mediations/facilitations for which the majority of responding stakeholders report full or partial agreement was reached or progress was made toward addressing the issues or resolving the conflict.	FY 2017	91%	100%
	FY 2018	91%	98%
	FY 2019	91%	
	FY 2020	91%	

During FY 2018, the majority of responding participants in 100 percent of the assessments indicated that the assessment helped determine how best to proceed to resolve their conflict. The FY 2018 performance information on completed assessments is based on evaluative feedback solicited from representatives of each organization that requested or participated in assessment services.

During FY 2018, the majority of responding participants in 98 percent of the mediations/facilitations that were evaluated indicated that full or partial agreement was reached, or progress was made toward addressing the issues or resolving the conflict. Based on that feedback, performance is being exceeded.

## Strategic Goal 2: Environmental Dispute Resolution Fund - the U.S. Institute for Environmental Conflict Resolution (ECR) Program

**Strategic Goal 2: Strengthen Native Nations to facilitate their self-determination, governance, and human capital goals.**

**Strategic Objective 2.2:** Provide information resources, assist to build capacity, and deliver services to support the resolution of environmental, environmental public health, public lands, cultural resources, and natural resources issues that concern Native Nations.

<b>Performance Goal 2.2.1:</b> Provide assessment, mediation, facilitation, and related services on issues that concern Native Nations.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of assessments, facilitations, and mediations that involve Native Nations or Tribal issues.	FY 2017	15	16
	FY 2018	15	15
	FY 2019	15	
	FY 2020	16	

Measure 2: Percent of assessments for which the majority of responding stakeholders strongly agree that the U.S. Institute helped them determine how best to proceed to resolve their conflict.	FY 2017	88%	100%
	FY 2018	88%	100%
	FY 2019	88%	
	FY 2020	88%	

Measure 3: Percent of mediations/facilitations for which the majority of responding stakeholders report full or partial agreement was reached or progress was made toward addressing the issues or resolving the conflict.	FY 2017	91%	100%
	FY 2018	91%	98%
	FY 2019	91%	
	FY 2020	91%	

<b>Performance Goal 2.2.2:</b> Develop communities of practice and provide training to build capacity and enhance collaboration and conflict resolution between Federal agencies and Native Nations.	Fiscal Year	Annual Target	Actual Performance
The Senior Program Manager position for the Native American Alaska Native (NAAN) program was filled in early FY 2019. Currently this program is being developed, and measures and targets are being created.	FY 2017	N/A	N/A
	FY 2018	N/A	N/A
	FY 2019	TBD	
	FY 2020	TBD	

## Strategic Goal 1: Trust Fund - Udall Foundation Education Programs

**Strategic Goal 1: Strengthen the appreciation, stewardship, and collaborative processes for governance of the environment, public lands, and natural resources.**

**Strategic Objective 1.1:** Provide organizational assistance and information resources to build capacity for collaborative decision-making and public participation related to environmental conflicts and natural resources issues involving Federal agencies and interests.

<b>Performance Goal 1.1.3:</b> Conduct research that informs environmental policy and natural resources management.	<b>Fiscal Year</b>	<b>Annual Target</b>	<b>Actual Performance</b>
Measure 1: Number of environmental policy presentations or briefings.	FY 2017	40	41
	FY 2018	30	43
	FY 2019	30	
	FY 2020	40	
Measure 2: Number of collaborating agencies and institutions (not including internal institutions at University of Arizona).	FY 2017	30	31
	FY 2018	30	39
	FY 2019	30	
	FY 2020	30	
Measure 3: Number of environmental policy publications.	FY 2017	30	62
	FY 2018	40	37
	FY 2019	40	
	FY 2020	30	

**The Udall Center for Studies in Public Policy (Udall Center)** supports policy-relevant, interdisciplinary research, science-policy dialogues, and other endeavors that link scholarship and education with decision-making, particularly in the areas of water security and management, climate change adaptation and planning, and ecosystem services valuation and protection, primarily in the Southwest and U.S.-Mexico border region. Not less than 20% of the annual interest revenue for the Trust Fund is allocated by law to the Udall Center.

Following past reporting procedures, the numbers of environmental presentations and briefings include those made in the United States, those that address the Udall Center’s domestic U.S. environmental policy research, and academic presentations that are not part of regular university teaching.

**Strategic Objective 1.3:** Provide educational opportunities to promote understanding and appreciation of the environment and natural resources.

<b>Performance Goal 1.3.1:</b> Award scholarships to outstanding undergraduate students who intend to pursue careers related to the environment.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of Scholarships.	FY 2017	60	50
	FY 2018	50	49
	FY 2019	50	
	FY 2020	50	

Measure 2: Percent of recipients who report they received a quality educational experience in their interactions and program activities with the Udall Foundation.	FY 2017	95%	98%
	FY 2018	95%	100%
	FY 2019	96%	
	FY 2020	96%	

**The Udall Undergraduate Scholarship program** reduced the number of scholarships from 80 to 50 in FYs 2013-2015, and discontinued monetary benefits for honorable mention awards due to extremely low interest rates that reduced interest revenue from the Trust Fund. Beginning in FY 2016, the Udall Foundation increased the number of scholarships awarded to 60 and the award amount from \$5,000 to \$7,000 (the first increase in the award amount since inception). The scholarships are awarded to outstanding students who intend to pursue careers related to the environment, Tribal public policy, or Native American health care. The Udall Scholarship is by nomination only; the designated Udall Faculty Representative at higher education institutions must nominate students. In FY 2018, the Udall Foundation awarded 50 scholarships; however, one student declined the award.

Following the award, scholars convene at the Scholar Orientation to build professional networks with each other, scholarship program alumni, and staff and trustees of the Udall Foundation. Scholars work together on a case study problem to enhance their critical thinking and problem-solving skills. Since 1996, 1,623 scholarships and 1,004 honorable mentions have been awarded.

<b>Performance Goal 1.3.2:</b> Provide educational programs, training, and resources with the purpose of connecting youth to nature and public lands through photography and outdoor learning.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of youth reached through direct programs.	FY 2017	150	979
	FY 2018	300	529
	FY 2019	300	
	FY 2020	300	

Measure 2: Number of individuals trained.	FY 2017	N/A	33
	FY 2018	30	55
	FY 2019	30	
	FY 2020	30	

Measure 3: Number of hours of direct programming provided.	FY 2017	N/A	714
	FY 2018	500	799
	FY 2019	500	
	FY 2020	500	

Measure 4: Number of hours of training services provided.	FY 2017	N/A	73
	FY 2018	50	63
	FY 2019	50	
	FY 2020	30	

Measure 5: Percent of youth participants who report they received a quality educational experience during Parks in Focus® activities.	FY 2017	86%	100%
	FY 2018	90%	95%
	FY 2019	90%	
	FY 2020	90%	

Measure 6: Percent of training participants who report they received a quality educational experience during Parks in Focus® training activities.	FY 2017	N/A	100%
	FY 2018	90%	100%
	FY 2019	90%	
	FY 2020	90%	

**The Stewart L. Udall Parks in Focus® program (Parks in Focus®)** fosters greater understanding, appreciation, stewardship, and enjoyment of the Nation’s natural resources by connecting youth from underserved communities to nature through photography, positive outdoor experiences, and environmental education.

In FY 2018, the Udall Foundation hosted Parks in Focus® activities with 529 middle school youth from Boys and Girls Clubs, Big Brothers Big Sisters, schools, and other youth organizations in Arizona and California. Those activities ranged from after-school photography lessons and outdoor activities to Saturday field trips and weekend camping trips, and took place in nearby parks and scenic areas, monuments, wilderness areas, and other national public lands.

Hundreds of additional youth were reached by activities facilitated by our partners in Michigan, Montana, Oklahoma, and Tennessee who have been trained in the Parks in Focus® curriculum. Program activities outside of Arizona are funded primarily through external sources including grants, individual donations, and partnerships with national parks, “friends of” organizations, and private foundations.

## Strategic Goal 2: Trust Fund – Udall Foundation Education Programs

**Strategic Goal 2: Strengthen Native Nations to facilitate their self-determination, governance, and human capital goals.**

**Strategic Objective 2.1:** Provide education and training to Native Nations and non-Native entities or individuals who engage with Native Nations.

<b>Performance Goal 2.1.1:</b> Provide Native Nations with information resources and tools for leadership and governance that will enable them to achieve their strategic goals.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Percent of respondents who report NNI is an important resource for them in carrying out their nation-building work.	FY 2017	86%	86%
	FY 2018	86%	99%
	FY 2019	86%	
	FY 2020	85%	

**The Native Nations Institute for Leadership, Management, and Policy (NNI)** at the University of Arizona serves as a self-determination, governance, and development resource. The Udall Foundation and the University of Arizona cofounded NNI, building on the research programs of the Harvard Project on American Indian Economic Development.

NNI provides executive education and professional development for leaders of Native Nations; conducts policy analysis and research on successful aspects of nation building and governance; and develops information resources and tools to enable Native Nation leaders to learn the essential elements of successful self-governance.

Measure 2: Number of Rebuilding Native Nations distance-learning modules completed.	FY 2017	N/A	159
	FY 2018*	130	80
	FY 2019	80	
	FY 2020	85	

\*Beginning in FY 2018, Measure 2 was revised to better assess and report program impact.

NNI has determined that the target for FY 2018 may have been too optimistic for this new measurement. The target for FY 2019 was reset at a more realistic number although this might still be a challenge. FY 2020 was increased slightly in hopes that by then the completions will have increased.

NNI's Rebuilding Native Nations distance-learning series was established in September 2012 and is composed of nine modules that can be taken individually or as part of a three-module short course. Modules are available online and on DVD.

Measure 3: Number of visitors to the Indigenous Governance website.	FY 2017*	N/A	1,460
	FY 2018	800	5556
	FY 2019	6000	
	FY 2020	6000	

\*Effective 7/1/18, due to software platform restrictions resulting in access barriers, this metric was changed to number of visitors to the website.

From 10/1/18-6/30/18, NNI had 5,556 (unduplicated) visitors to the database website.



<b>Performance Goal 2.1.2:</b> Provide policy analysis and research to support Native Nations.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of Native Nations Institute presentations or briefings.	FY 2017	N/A	33
	FY 2018*	25	24
	FY 2019	25	
	FY 2020	25	

\*New measure beginning in FY 2018.

Measure 2: Number of collaborating agencies and institutions (not including internal institutions at University of Arizona).	FY 2017	N/A	26
	FY 2018	25	24
	FY 2019	25	
	FY 2020	25	

\*New measure beginning in FY 2018.

These external collaborations are with other universities, Native organizations, Federal agencies, other governments, nonprofits, and other institutions with whom NNI shares mutual interests.

Measure 3: Number of Native Nations Institute publications and/or case studies.	FY 2017	5	7
	FY 2018	5	4
	FY 2019	5	
	FY 2020	5	

<b>Performance Goal 2.1.3:</b> Award scholarships to outstanding Native American and Alaska Native undergraduate students who intend to pursue careers in Tribal public policy or health care.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of Scholarships.	FY 2017	10	16
	FY 2018	12	15
	FY 2019	16	
	FY 2020	16	

Measure 1 is a subset of the scholarships reported in Performance Goal 1.3.1 Measure 1).

Measure 2: Percent of recipients who report they received a quality educational experience in their interactions and program activities with the Udall Foundation.	FY 2017	95%	98%
	FY 2018	95%	100%
	FY 2019	96%	
	FY 2020	96%	

<b>Performance Goal 2.1.4:</b> Award internships to deserving and qualified Native American and Alaska Native undergraduate, graduate, and law students in the areas of Tribal public policy or health care.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of Internships.	FY 2017	12	10
	FY 2018	12	11
	FY 2019	12	
	FY 2020	12	

Measure 2: Percent of recipients who report they received a quality educational experience through the Native American Congressional Internship Program.	FY 2017	92%	100%
	FY 2018	92%	100%
	FY 2019	92%	
	FY 2020	92%	

**The Native American Congressional Internship program** offers up to 12 internships annually to deserving and qualified Native American and Alaska Native college, graduate, and law students in order to provide them with practical experience with the Federal legislative process. The program helps participants develop as Native professionals and future leaders in Indian country. Interns are placed in congressional offices and committees, executive branch departments, and the White House, where they are able to observe government decision-making processes firsthand. The Udall Foundation also arranges policy meetings and discussions with members of Congress, Federal agency officials, and staff from national Native organizations. Eleven interns were funded in FY 2018.

The 11 interns were very satisfied with the program. The Udall Foundation uses evaluation feedback from interns and their office supervisors to facilitate continual learning and improvement.

<b>Performance Goal 2.1.5:</b> Award fellowships to outstanding Native American and Alaska Native graduate students in the areas of Tribal public policy and health care, including law and medicine.	Fiscal Year	Annual Target	Actual Performance
Measure 1: Number of Fellowships.	FY 2017	N/A	
	FY 2018	N/A	
	FY 2019	N/A	
	FY 2020	N/A	

Measure 2: Percent of recipients who report they received a quality educational experience in their interactions and program activities with the Udall Foundation.	FY 2017	N/A	
	FY 2018	N/A	
	FY 2019	N/A	
	FY 2020	N/A	

**The Native American Fellowship program.** The Ph.D. fellowship was suspended in FY 2012 in anticipation of reduced Trust Fund interest revenues and has not been reinstated. The 2018-2022 strategic plan envisions reinstating the fellowship with the intent of increasing the fellowship's impact by focusing on Native Americans. The new fellowship would be unique and would provide a logical next step in professional development for the Udall Foundation's Native American Interns and others. During FY 2020, the Native American Fellowship will be developed by following the Board and staff working group's suggestions that were made during the strategic planning process. Recruitment will take place for a FY 2021 Native American Fellow, if sufficient funds are available.

## Section III – Financial

### FY 2018 Assurance Statement

As the Executive Director of the Morris K. Udall and Stewart L Udall Foundation, I recognize that the Udall Foundation is responsible for establishing and maintaining effective internal controls to meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA).

The FMFIA and its implementing guidance, OMB Circular A-123, Management's Responsibility for Internal Control, require that I evaluate and annually report the results of my evaluation regarding the internal and financial management controls in place.

I am pleased to report that management controls in effect from October 1, 2017, through September 30, 2018, provide reasonable assurance that the Udall Foundation is meeting the objectives of the FMFIA. In general,

- Financial and other resources are safeguarded from unauthorized use or disposition;
- Transactions are executed in accordance with authorizations;
- Records and reports are reliable;
- Applicable laws, rules, regulations, and policies are observed; and
- Resources are efficiently and effectively managed.

I am able to provide an unqualified statement of assurance that operational internal controls of the Udall Foundation meet the objectives of the FMFIA.



Philip J. Lemanski  
Executive Director

## Other Information

### Management Reviews

During FY 2015, the Udall Foundation undertook a comprehensive effort to better align employee performance with organizational performance. This included moving to a consolidated PAR, reviewing position descriptions and performance plans for consistency and support of the strategic plan, and an ongoing annual analysis of internal and management controls to ensure efficiency and effectiveness of program implementation.

## Analysis of Systems Controls and Legal Compliance

This section of the report provides the required information on the Udall Foundation's management assurances and compliance with the following legal and regulatory requirements:

- Federal Managers' Financial Integrity Act of 1982 (FMFIA);
- Federal Financial Management Improvement Act of 1996 (FFMIA); and
- Management Challenges Confronting the Udall Foundation (see page 16).

The U.S. Department of Agriculture (USDA) Finance Center, a Federal financial management center of excellence, performs necessary financial services for the Udall Foundation. These services include furnishing receipt and disbursement of funds, financial reporting and related accounting functions, and execution of all investments in Treasury obligations. The USDA is considered to be part of the Udall Foundation's financial management; however, Udall Foundation management is responsible for the integrity and objectivity of the financial information presented in the financial statements.

The principal financial statements have been prepared to report the financial position and results of operations of the Udall Foundation, pursuant to the requirements of 31 U.S.C. 3515(b). The statements have been prepared from the books and records of the Udall Foundation in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by OMB. These financial statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity.

## Management Assurances

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to provide an annual statement of assurance regarding internal accounting and administrative controls, including program, operational, and administrative areas as well as accounting and financial management and reporting. The Udall Foundation maintains a standard of continuous process improvement under the framework of enterprise risk management. This includes review of standard operating procedures and also updating of policies under the direction and guidance of a new General Counsel who was hired in FY 2018. The assurance statement provided below is based on compliance with the following:

## Federal Managers' Financial Integrity Act of 1982 (FMFIA)

The Udall Foundation believes that maintaining integrity and accountability in all programs and operations (1) is critical for good government; (2) demonstrates responsible safeguarding of assets; (3) ensures high-quality, responsible leadership; (4) ensures the effective delivery of services; and (5) maximizes desired program outcomes.

To achieve these goals, the Udall Foundation has developed and implemented management, administrative, and financial system controls to reasonably ensure the following:

- Programs and operations achieve intended results efficiently and effectively;
- Resources are used in accordance with the Udall Foundation's mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Timely, accurate, and reliable data are maintained and used for decision-making at all levels.

The Udall Foundation's internal control program is designed to ensure full compliance with the goals, objectives, and requirements of FMFIA and the following:

- OMB Circular No. A-123, *Management's Responsibility for Internal Control*, including Appendix B, Improving the Management of Government Charge Card Programs and Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments;
- OMB Circular No. A-127, *Financial Management Systems*; and
- OMB Circular No. A-130, *Management of Federal Information Resources*.

## Internal Controls Assessments

The conclusions in the Udall Foundation's FY 2018 Annual FMFIA Assurance Statement are based on improved internal controls resulting from

- A 2012 review by the Department of Interior Office of Inspector General (OIG);
- A 2013 review conducted by the Government Accountability Office (GAO);
- A 2013 third-party review of internal controls;
- A 2015 review by the GAO;
- A 2018 follow-up review by the Department of Interior Office of Inspector General (OIG);
- A 2018 Udall Foundation Risk Assessment of internal controls; and
- The annual financial audit conducted by independent CPA firm Rocha and Company, PC.

## FMFIA Material Weaknesses and Accounting System Non-conformances

The Udall Foundation uses the OMB guidelines for material weakness designations and recognizes the importance of correcting material weaknesses in a timely manner. The independent auditors identified no deficiencies in internal controls that are considered a material weakness in financial reporting during their audit for the year ended September 30, 2018.

## Internal Controls over Financial Reporting

Internal controls over financial reporting reasonably ensure the safeguarding of assets from waste, loss, and unauthorized use or misappropriation as well as compliance with laws and regulations pertaining to financial reporting.

## Federal Financial Management Improvement Act of 1996 (FFMIA)

Federal agencies are required to address compliance with the requirements of FFMIA in the management representations made to the financial statement auditor. The auditor is required to report on compliance with FFMIA requirements in the Independent Auditor's Report. The Independent Auditor's Report found the Udall Foundation in substantial compliance with FFMIA requirements.

## Major Management Challenges Confronting the Udall Foundation

The reductions in appropriations and uncertainty caused by continuing resolutions has impacted programs and hiring. The Udall Foundation seeks to improve program delivery despite funding challenges and is reviewing the marketing plan for the U.S. Institute for Environmental Conflict Resolution to further diversify its customer base.

The Udall Foundation continued to operate effectively despite reduced budgetary resources. Despite staff vacancies, the Udall Foundation continued to provide support for mission critical objectives and prompt attention to items identified as higher risk.

## Goals and the Supporting Financial System Strategies

PMD is a multiuser application that helps manage Foundation-wide financial transactions and provides real-time project-related information to staff. Using PMD, the financial staff completes the various Federal forms necessary for USDA to record and process obligations, revenues, and expenses. The financial information needed for the forms is then available to the financial staff for reconciliation and reporting purposes. The data is also available to all staff to assist them in tracking project-related revenues and expenses as well as project data such as contracts and interagency agreements in real time.

The financial sections of PMD maintain segregation of duties by separating the ability to create, review, and approve records depending on a user's login identity. Using a series of electronic inboxes for the purposes of moving the document from user to user, one user can create a transaction, which is forwarded to a different user for review, and the transaction is automatically forwarded to the next user for final review and approval. PMD establishes budgetary controls for each project before obligations can be made or expenses can be incurred. This system not only ensures segregation of duties, it ensures that transactions are not overlooked, and requires action on the part of the person "receiving" the transaction in his/her inbox. Following approvals, PMD provides receipt and expense supporting documentation necessary for USDA's processing. USDA's internal controls provide a second check on receipts and disbursements. USDA provides monthly financial transaction reports that are reconciled with PMD. USDA also provides quarterly and annual financial reporting to the Udall Foundation.

## Analysis of Financial Statements

### Introduction and Analysis of Statements

The Federal Accounting Standards Advisory Board requires that the agency's financial statements be displayed in several formats. The annual financial statements include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and related notes. The statements are in addition to the internal financial reports to management, which are prepared from the same data.

The Udall Foundation's appropriation is deposited into two funds—the Trust Fund and the Environmental Dispute Resolution Fund (EDRF). The financial statements combine data for both the Trust Fund's Education Programs and the EDRF's U.S. Institute for Environmental Conflict Resolution program. Although both funds invest available balances in Treasury obligations, they differ in how they may be spent: The Environmental Dispute Resolution Fund (U.S. Institute) appropriations remain available until expended and are used for annual operations; the appropriations for the Trust Fund are added to principal and invested, and only the interest and earnings may be used to fund the Udall Foundation's Education Programs.

Public Law 102-259 authorized appropriations of \$40 million for the Trust Fund. The initial appropriation in 1994 was approximately \$19.9 million; from FY 1998 through FY 2018, \$44.38 million has been appropriated by Congress, of which \$15 million has been transferred to the Native Nations Institute (NNI) and \$1,000,000 has been transferred to the Office of Inspector General for internal control oversight bringing the total appropriations deposited in the Trust Fund to \$48.2 million. The Trust Fund is invested by law in Treasury obligations.

The U.S. Institute has received annual operating appropriations each year since FY 1999. The U.S. Institute also received a one-time start-up appropriation of \$3 million.

## Overall Significant Trends

### Trust Fund:

During FY 2017, after a decade of historically low interest rates, rates began to rise and the Udall Foundation purchased two \$3 million long-term bonds with different maturities. As a result, Trust Fund interest revenue increased in FY 2018. The Udall Foundation will continue to monitor rates and shift investments from short-term obligations to long-term obligations when appropriate.

### U.S. Institute for Environmental Conflict Resolution:

Over the past few years, the U.S. Institute has experienced significant fluctuations in staff levels. There were positions filled in 2018; however, several unfilled positions remain at this time. The 2018 U.S. Institute appropriation increased by 3.6% from 2017 to 2018. The FY 2018 annual financial statements reflect a decrease in earned revenue of 5% accompanied with a decrease in program costs. The primary drivers for decreased cost were reduced payments to managed project contractors and open staff positions within the U.S. Institute during FY 2018.

## Balance Sheet

The Balance Sheet provides a "snapshot" of the Udall Foundation's financial condition as of the end of the fiscal year. The Assets category includes both long-term investments and Treasury balances that are invested on a monthly basis.

The vast majority of the Total Assets shown on the balance sheet are Trust Fund investments, representing both short and long-term Treasury obligations. When the U.S. Institute's Fund balance with Treasury is included, these investments are 99% of total assets. Because annual appropriations to the Trust Fund may not be spent, but must be invested, these appropriations increased the fund balance in FY 2018.

Overall, assets grew by over \$2.1 million (3.5%). The increase in total assets resulted primarily from appropriations paid from the Treasury into the Trust Fund.

Liabilities are primarily related to external accounts payable, accrued but not yet billed. Liabilities related to payroll (leave, taxes payable, and the like) were 11% of total liabilities in FY 2018. Payables increased in FY 2018 as a result of timing in the accrual versus the billing of accounts payable.

## Statement of Net Cost (SNC)

The SNC displays the respective total expenses, net of earned revenues, for the strategic goal.

The overall net cost of operations for the Udall Foundation was 15.23% lower in FY 2018. The decreased cost was due in part to reduced payments to managed project contractors and open staff positions within the U.S. Institute during FY 2018. Additionally, the timing of invoices received for reimbursement to the Native Nations Institute and the Udall Center resulted in decreased payments for FY 2018.

Earned revenue decreased just under 5% compared to FY 2017.

## Statement of Changes in Net Position (SCNP)

As mentioned above, the Net Cost of Operations decreased by over 15% in FY 2018. Total Financing Sources was less than in FY 2017, a result of a decrease in appropriations used and a decrease in grant funds received. Overall, the ending balances, in our consolidated financial statements, increased by \$1.98 million, the difference between total funding sources and the net cost of operations.

## Statement of Budgetary Resources (SBR)

The SBR provides information to help assess budget execution and compliance with budgetary accounting rules. It provides information on total budgetary resources available, the status of those resources, and outlays. This statement is prepared on an "obligation" basis as opposed to the accrual basis of accounting used for the other statements. Overall, total budgetary resources increased by \$1.91 million and net outlays decreased by 15%.

## Controls, Systems, and Legal Compliance Financial Audit

In Fiscal Year 2018, the Udall Foundation had its 17th independent audit of its financial statements. The audit provides additional assurance to its constituents, to Congress, and to the Udall Foundation's Chief Financial Officer that the Udall Foundation's financial transactions and management practices are in keeping with established laws, regulations, and practices. The Udall Foundation received unqualified ("clean") opinions for all years.

## Independent Auditor's Report (FY 2018)

The independent financial statement auditors found the Udall Foundation's financial statements, including the accompanying notes, present fairly in all material respects, in conformity with U.S. generally accepted accounting principles. They identified no material weaknesses or significant deficiencies in internal controls.

## Possible Future Effects of Existing Events and Conditions

### *Future Effects and Trend Data*

**Education Programs:** The Education scholarship and fellowship programs are funded from interest earned on Treasury investments. These investments are interest-rate sensitive and were adversely affected by declining Treasury rates since FY 2007. An upturn in rates during FY 2017 resulted in the Udall Foundation's purchase of two long-term bonds. The interest from these bonds has slightly improved finances. Rates are expected to continue to rise. The Udall Foundation will continue to monitor the market for buying opportunities for long-term investments.



**U.S. Institute for Environmental Conflict Resolution:** Although the U.S. Institute charges fees for all ECR cases and projects that develop beyond the initial consultation stage, it has relied upon a baseline appropriation to support its operations. Since the U.S. Institute has a statutory obligation to use the services of neutrals in the geographic area of the dispute when feasible, the use of contracted service providers leverages the effort of the staff and enables the U.S. Institute to work on a greater number of cases and projects.

There are two unknowns that could affect operations—a reduction of the entity’s baseline appropriations, or a reduction in reimbursable fees due to the inability of agencies to prioritize ECR activities. It is anticipated that reductions in agency budgets may impact either the scale or scope of Federal ECR efforts. The U.S. Institute is continuing efforts to reach out to a broader array of entities receiving Federal funds in order to reduce the likelihood of downward swings in its overall earned revenue. Such diversification may reduce the potential for sudden drops in earned revenue.

### Limitations of the Financial Statements

The enclosed principal financial statements have been prepared to report the financial position and results of operations of the Udall Foundation, as required by 31 U.S.C. 3515(b). The statements have been prepared from the books and records of the Udall Foundation in accordance with accounting principles generally accepted in the United States of America for Federal entities and the formats prescribed by the Office of Management and Budget. These financial statements are in addition to other financial reports used to monitor and control budgetary resources that are also prepared from the same books and records.

## Section IV – Other Information

### Appendix A. Data Validation and Verification

#### Environmental Conflict Resolution Program

Since FY 2002, the U.S. Institute has received OMB approval to administer a suite of questionnaires to evaluate environmental collaboration and conflict resolution services. Using these questionnaires, the U.S. Institute solicits performance feedback from members of the public and agency representatives who are participants in, and users of, U.S. Institute services. Respondents are surveyed at the conclusion of services or at the end of a significant phase of a process or service (e.g., the end of a training, the completion of an assessment or mediation). To obtain performance data, the U.S. Institute administered surveys to service recipients for completed FY 2018 processes and services as allowed, and when appropriate.

The evaluative information collected by the U.S. Institute is used to promote improved outcomes. Project-level evaluation reports are generated that summarize respondents' feedback in a detailed, transparent manner. These reports provide program managers and others in-depth feedback on performance as well as insights into why performance was met, exceeded, or fell short of expectations. Such feedback is designed to promote reflective practice so that future processes and applications of ECR are improved. In terms of data reliability, validation, and verification, the U.S. Institute has processes in place to ensure the accurate recording, processing, and summarizing of performance information.

#### Education Programs

The Udall Foundation's education programs use both quantitative and qualitative data collections to assess performance and measure success.

Quantitative data consists of numbers of awards and participants and statistical data such as types of majors and fields of study. The data is entered manually through the scholarship online application and in the Udall Foundation's Scholar and Alumni Tracking database. Data is verified through staff quality control review and programming robustness.

Qualitative data is collected using the following methods:

- Direct observation of participants' behavior and interactions;
- Staff conversations and interactions with individual participants;
- Informal feedback from participants;
- Follow up with program alumni.

The observations and interactions with participants occur over the course of each program, and alumni continue to provide feedback after the programs have ended. Information gathered over time in this way results in a more comprehensive and well-rounded data collection.

# Appendix B. Independent Auditors Report, FY 2018 Consolidated Financial Statements, Notes to the Financial Statements



**THE MORRIS K. UDALL AND  
STEWART L. UDALL FOUNDATION**

**GENERAL AND TRUST FUND**

**CONSOLIDATED FINANCIAL STATEMENTS**

**As of and For The Years Ended September 30, 2018 and 2017**

## **Independent Auditor's Report**

To: Chairman and Executive Director  
The Morris K. Udall and Stewart L. Udall Foundation

In our audits of the fiscal years 2018 and 2017 financial statements of The Morris K. Udall and Stewart L. Udall Foundation (The Foundation), we found:

- a) The Foundation's financial statements as of and for the fiscal years ended September 30, 2018, and 2017, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- b) no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- c) no reportable noncompliance for fiscal year 2018 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI), such as "Management's Discussion and Analysis"; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

### **Report on the Financial Statements**

In accordance with Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*, we have audited the Foundation's financial statements. The Foundation's financial statements comprise the balance sheets as of September 30, 2018, and 2017; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Management's Responsibility for the Financial Statements

The Foundation's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

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

## Opinion on Financial Statements

In our opinion, The Foundation's financial statements present fairly, in all material respects, the Foundation's financial position as of September 30, 2018 and 2017, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's

inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

#### Other Information

The Foundation's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on the Foundation's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

### **Report on Internal Control over Financial Reporting**

In connection with our audits of the Foundation's financial statements, we considered the Foundation's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the Foundation's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

#### Management's Responsibility for Internal Controls

The Foundation's management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

In planning and performing our audit of the Foundation's financial statements as of and for the year ended September 30, 2018, in accordance with U.S. generally accepted government auditing standards, we considered the Foundation's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the Foundation's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

## Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

## Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of the Foundation's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our 2018 audit, we identified deficiencies in The Foundation's internal control over financial reporting that we do not consider to be material weaknesses. Nonetheless, these deficiencies warrant the attention of the Foundation's management. We have communicated these matters to the Foundation's management and, where appropriate, will report on them separately.

## Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the Foundation's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

## **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

In connection with our audits of the Foundation's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.



## Management's Responsibility for Compliance with Laws, Regulations, Contracts and Grant Agreements

The Foundation's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Foundation.

## Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to the Foundation that have a direct effect on the determination of material amounts and disclosures in the Foundation's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Foundation.

## Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2018 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Foundation. Accordingly, we do not express such an opinion.

## Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.



*Gaithersburg, Maryland  
November 14, 2018*

**THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION**  
BALANCE SHEET

As Of September 30, 2018 and 2017

	2018	2017
<b>Assets:</b>		
<b>Intragovernmental:</b>		
Fund Balance With Treasury (Note 2)	\$ 29,606,534.87	\$ 27,553,922.76
Investments (Note 3)	32,575,856.54	32,622,402.90
Accounts Receivable (Note 4)	140,556.49	543,910.48
Advances and Prepayments (Note 6)	494,911.69	
<b>Total Intragovernmental</b>	62,817,859.59	60,720,236.14
Accounts Receivable, net (Note 4)	51,276.96	38,262.82
General Property, Plant and Equipment (Note 5)	18,834.48	15,781.81
<b>Total Assets</b>	\$ 62,887,971.03	\$ 60,774,280.77
<b>Liabilities:</b>		
<b>Intragovernmental:</b>	(Note 7)	
<b>Other:</b>	(Note 8)	
Employer Contributions and Payroll Taxes Payable	\$ 27,327.94	\$ 25,166.73
<b>Total Intragovernmental</b>	27,327.94	25,166.73
Accounts Payable	602,779.87	525,407.25
<b>Other:</b>	(Note 8)	
Accrued Funded Payroll and Leave	104,852.40	87,921.60
Employer Contributions and Payroll Taxes Payable	4,028.32	3,612.62
Unfunded Leave	138,690.12	152,379.79
Other Liabilities Without Related Budgetary Obligations	410.00	410.00
<b>Total Liabilities</b>	\$ 878,088.65	\$ 794,897.99
<b>Net Position:</b>		
Unexpended Appropriations - All Other Funds (Consolidated Totals)	2,592,397.99	1,771,151.72
Cumulative Results of Operations - All Other Funds (Consolidated Totals)	59,417,484.39	58,208,231.06
<b>Total Net Position - All Other Funds (Consolidated Totals)</b>	62,009,882.38	59,979,382.78
<b>Total Net Position</b>	62,009,882.38	59,979,382.78
<b>Total Liabilities and Net Position</b>	\$ 62,887,971.03	\$ 60,774,280.77

The accompanying notes are an integral part of these statements.

**THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION**  
**STATEMENT OF NET COST**

For The Years Ended September 30, 2018 and 2017

	2018	2017
<b>Program Costs:</b>		
<b>Trust: Strategic Goal 1</b>		
<b>Gross Costs</b>	\$ 2,053,876.94	\$ 2,998,486.06
<b>Net Program Costs</b>	\$ 2,053,876.94	\$ 2,998,486.06
<b>Institute: Strategic Goal 2</b>		
<b>Gross Costs</b>	\$ 5,883,312.56	\$ 6,044,794.11
<b>Less: Earned Revenue</b>	2,922,880.55	3,074,117.04
<b>Net Program Costs</b>	2,960,432.01	2,970,677.07
<b>Net Cost of Operations</b> (Note 9)	\$ 5,014,308.95	\$ 5,969,163.13

The accompanying notes are an integral part of these statements.

**THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION**

STATEMENT OF CHANGES IN NET POSITION  
For The Years Ended September 30, 2018 and 2017

FY 2018 (CY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
<b>Unexpended Appropriations:</b>				
Beginning Balances		\$ 1,771,151.72		\$ 1,771,151.72
Beginning balance, as adjusted		1,771,151.72		1,771,151.72
<b>Budgetary Financing Sources:</b>				
Appropriations received		5,341,000.00		5,341,000.00
Appropriations transferred-in/out (+/-)		(200,000.00)		(200,000.00)
Appropriations used		(4,319,753.73)		(4,319,753.73)
Total Budgetary Financing Sources		821,246.27		821,246.27
<b>Total Unexpended Appropriations</b>		2,592,397.99		2,592,397.99
<b>Cumulative Results from Operations</b>				
Beginning Balances		58,208,231.06		58,208,231.06
Beginning balances, as adjusted		58,208,231.06		58,208,231.06
<b>Budgetary Financing Sources:</b>				
Appropriations Used		4,319,753.73		4,319,753.73
Nonexchange Revenue		1,659,113.83		1,659,113.83
Donations and forfeitures of cash and cash equivalents		14,544.00		14,544.00
<b>Other Financing Sources (Nonexchange):</b>				
Imputed Financing		230,150.72		230,150.72
Total Financing Sources		6,223,562.28		6,223,562.28
Net Cost of Operations (+/-)		5,014,308.95		5,014,308.95
Net Change		1,209,253.33		1,209,253.33
<b>Cumulative Results of Operations</b>		59,417,484.39		59,417,484.39
<b>Net Position</b>		\$ 62,009,882.38		\$ 62,009,882.38

The accompanying notes are an integral part of these statements.

**THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION**  
**STATEMENT OF CHANGES IN NET POSITION**  
**For The Years Ended September 30, 2018 and 2017**

FY 2017 (PY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
<b>Unexpended Appropriations:</b>				
Beginning Balances		\$ 1,385,363.00		\$ 1,385,363.00
Beginning balance, as adjusted		1,385,363.00		1,385,363.00
<b>Budgetary Financing Sources:</b>				
Appropriations received		5,144,000.00		5,144,000.00
Appropriations transferred-in/out (+/-)		(200,000.00)		(200,000.00)
Appropriations used		(4,558,211.28)		(4,558,211.28)
Total Budgetary Financing Sources		385,788.72		385,788.72
<b>Total Unexpended Appropriations</b>		<b>1,771,151.72</b>		<b>1,771,151.72</b>
<b>Cumulative Results from Operations</b>				
Beginning Balances		57,658,818.56		57,658,818.56
Beginning balances, as adjusted		57,658,818.56		57,658,818.56
<b>Budgetary Financing Sources:</b>				
Appropriations Used		4,558,211.28		4,558,211.28
Nonexchange Revenue		1,466,175.51		1,466,175.51
Donations and forfeitures of cash and cash equivalents		330,000.00		330,000.00
Transfers-in/out without reimbursement (+/-)		(70.84)		(70.84)
Imputed Financing		164,259.68		164,259.68
Total Financing Sources		6,518,575.63		6,518,575.63
Net Cost of Operations (+/-)		5,969,163.13		5,969,163.13
Net Change		549,412.50		549,412.50
<b>Cumulative Results of Operations</b>		<b>58,208,231.06</b>		<b>58,208,231.06</b>
<b>Net Position</b>		<b>\$ 59,979,382.78</b>		<b>\$ 59,979,382.78</b>

The accompanying notes are an integral part of these statements.

**THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION**  
**STATEMENT OF BUDGETARY RESOURCES**

For The Years Ended September 30, 2018 and 2017

	2018 Budgetary	2017 Budgetary
<b>Budgetary resources:</b>		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 9,900,004.87	\$ 7,312,791.54
Appropriations (discretionary and mandatory)	7,579,365.46	7,391,230.11
Spending authority from offsetting collections (discretionary and mandatory)	3,016,658.80	3,071,253.97
Total budgetary resources	\$ 20,496,029.13	\$ 18,576,621.35
<b>Status of budgetary resources:</b>		
New obligations and upward adjustments (total) <span style="float: right;">(Note 10)</span>	\$ 12,007,988.67	\$ 9,944,547.18
Unobligated balance, end of year:		
Apportioned, unexpired account	6,714,712.43	7,466,526.66
Unapportioned, unexpired accounts	1,773,328.03	1,165,547.51
Unexpired unobligated balance, end of year	8,488,040.46	8,632,074.17
Unobligated balance, end of year (total)	8,488,040.46	8,632,074.17
Total budgetary resources	\$ 20,496,029.13	\$ 18,576,621.35
<b>Outlay, net:</b>		
Outlays, net (total) (discretionary and mandatory)	\$ 6,526,753.35	\$ 7,623,716.63
Distributed offsetting receipts (-)	(1,789,544.00)	(2,025,000.00)
Agency outlays, net (discretionary and mandatory)	\$ 4,737,209.35	\$ 5,598,716.63

The accompanying notes are an integral part of these statements.

# **THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION**

## **Note 1 – Significant Accounting Policies**

### **Reporting Entity**

The financial reporting entity consists of the Morris K. Udall and Stewart L. Udall Foundation and the U.S. Institute for Environmental Conflict Resolution which collectively are referred to as the Morris K. Udall and Stewart L. Udall Foundation.

The Morris K. Udall and Stewart L. Udall Foundation (the Foundation) was established by the U.S. Congress in 1992 as The Morris K. Udall Foundation and is an executive branch agency. During fiscal year 2009-10 the name was changed to The Morris K. Udall and Stewart L. Udall Foundation. The President of the United States appoints its board of trustees with the advice and consent of the U.S. Senate. The Foundation is committed to educating a new generation of Americans to preserve and protect their national heritage through studies in the environment, Native American health and tribal policy, and effective public policy conflict resolution.

The U.S. Institute for Environmental Conflict Resolution (the Institute) was created by the 1998 Environmental Policy and Conflict Resolution Act to assist parties in resolving environmental conflicts around the country that involve federal agencies or interests. The Institute was established as part of the Foundation to provide a neutral place inside the federal government, but “outside the Beltway” where public and private interests can reach common ground.

### **Basis of Presentation**

These financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and the form and content requirements specified by the Office of Management and Budget’s (OMB) Circular No. A-136, revised. U. S. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated as the official accounting standards-setting body for the U. S. Federal Government by the American Institute of Certified Public Accountants.

The Foundation uses both the accrual basis and budgetary basis of accounting to record transactions. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. These financial statements were prepared following accrual basis accounting. The Combined Statements of Budgetary Resources provide information about how budgetary resources were made available as well as their status at the end of the period. Recognition and measurement of budgetary information reported on this statement is

**Note 1 – Significant Accounting Policies (Continued)**

based on budget terminology definition and guidance in OMB Circular No. A-11, *Preparation, Submission and Execution of the Budget*, dated July 2018.

**Annual Appropriations**

Annual appropriations for the years ended September 30 are as follows:

	<u>2018</u>	<u>2017</u>
Morris K. Udall Scholarship and Excellence in National Environmental Policy Trust Fund	\$ 1,975,000.00	\$ 1,695,000.00
Environmental Dispute Resolution Fund	\$ 3,366,000.00	\$ 3,249,000.00

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

**Fund Balance with the U.S. Treasury**

The Foundation’s cash receipts and disbursements are processed by the U.S. Treasury. No cash balances are maintained outside the U.S. Treasury.

**Accounts and Interest Receivables**

Accounts receivable, including interest receivable, consists of amounts owed to the Foundation by other federal agencies and the public. These balances are presented net of any direct write-offs made.

**Investments**

Investments that consist of the U.S. Government securities are carried at historical cost in the accompanying financial statements. The unamortized premium (discount) is amortized using the interest yield method as required by the Treasury Financial Manual, Volume 1, Bulletin No. 2007-03.



## **Note 1 – Significant Accounting Policies (Continued)**

### **General Property and Equipment**

Property and equipment purchases are valued at cost and are capitalized when the cost is \$2,500 or more with a useful life of more than two years. Depreciation is calculated on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows: Furniture & Fixtures – seven years, Computer equipment – five years and Telephone System – ten years.

### **Liabilities**

Liabilities are recognized for amount of probable future outflows or other sacrifices of resources as a result of past transactions or events. Since the Foundation is a component of the U.S. Government, a sovereign entity, its liabilities cannot be liquidated without legislation that provides resources to do so. Payment of all liabilities other than contracts can be abrogated by the sovereign entity.

Unfunded liabilities are incurred when funding has not yet been made available through Congressional appropriations or current earnings. The Foundation recognizes such liabilities for employee annual leave earned but not taken and amounts billed by the Department of Labor (DOL) for the worker's compensation benefits. In accordance with Public Law and existing federal accounting standards, a liability is not recorded for any future payment made on behalf of current workers contributing to the Medicare Hospital Insurance Trust Fund.

### **Revenues and Other Financing Sources**

The Foundation has a trust fund, where the primary financing source consists of interest revenue from investments. Other financing sources for The Foundation consist of imputed financing sources which are costs financed by other Federal entities on behalf of The Foundation, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*. The Foundation may also accept private donations for educational activities. Private donations for the work of the Institute and the Native Nations Institute are expressly excluded by 20 U.S.C. 5608 (b). The activities of the U.S. Environmental Conflict Resolution are supported by annual appropriations and fees charged for services.

Financing sources are provided through Congressional appropriations on an annual, multi-year, and no-year basis, or through reimbursable agreements. Annual appropriations are available for incurring obligations during a specified year; multi-year appropriations are generally available for two years or more. No-year or "X-year" appropriations are available for obligations until the purpose for which they are provided is carried out and, therefore, for an indefinite period.

## **Note 1 – Significant Accounting Policies (Continued)**

Reimbursable service agreements generally recognize revenues when goods are delivered or services rendered between the Foundation and other federal agencies and the public. In addition, other financing sources are provided in the form of gifts from the public, interest on investments, and miscellaneous sales. All of these financing sources may be used to finance operating expenses and for capital expenditures, as specified by law.

### **Trust Fund**

The education programs of the Foundation were established by Public Law 102-259, codified at 20 U.S.C.2601 and following.

The Foundation enabling legislation specifically authorizes scholarships, fellowships, internships and grants in the area of the environment and Native American health or tribal policy. The enabling legislation authorized \$40 million for a Trust Fund and directed that the Fund be invested in Treasury obligations, with only the income from the Fund available to operate the education programs. The Foundation is also authorized to accept, hold, administer and utilize gifts. 20 U.S.C. 5608(a)(4).

The annual income is specifically allocated by the law, as follows: at least 50 percent for scholarships, internships and fellowships; at least 20 percent for grants to the Udall Center; and a maximum of 15 percent for administrative costs. Parks in Focus and other activities are funded from the remaining 15 percent of Trust Fund income. Since fiscal year 2001, transfers from appropriations have been made for the purposes of the Native Nations Institute, pursuant to Congressional authorization.

Through FY 2018, more than \$48 million in appropriations has been deposited in the Trust Fund. In addition to the Trust Fund corpus, \$15 million has been appropriated and transferred for the purposes of the Native Nations Institute (NNI), pursuant to Congressional authorization. Transfers to NNI during fiscal year 2018 totaled \$1.0 million.

In FY 2018, the Foundation had three sources of income, donations, interest from investments and grants. All would be considered inflow of resources to the Government.

### **Institute**

The Institute was established by Congress through the Environmental Policy and Conflict Resolution Act of 1998 (Public Law 105-156).

The Institute received appropriations of approximately \$1.3 million a year for operating expenses from fiscal year 1999 through 2005; \$1.9 million for fiscal year 2006 and fiscal year 2007; \$2.1 million for fiscal year 2009; \$3.8 million for fiscal year 2010 through 2013 and \$3.3 million for fiscal year 2014 through 2018. In fiscal year 1999, Congress

## **Note 1 – Significant Accounting Policies (Continued)**

also appropriated \$3 million as a capitalization fund for the Institute, from which the Institute had drawn for program development expenses.

Congress authorized the U.S. Institute to accept and retain fees for conflict resolution services, in addition to its appropriations. All available balances are invested in Treasury obligations.

Of the \$2,922,880.55 being reported as fiscal year 2018 revenue for services provided, \$2,811,525.11 is from federal sources and is the result of Intragovernmental flows. The remaining \$111,355.44 is from non-federal sources and should be considered inflows or resources to the Government.

Of the \$3,074,117.04 being reported as fiscal year 2017 revenue for services provided, \$2,929,065.28 is from federal sources and is the result of Intragovernmental flows. The remaining \$145,051.76 is from non-federal sources and should be considered inflows or resources to the Government.

### **Annual Leave**

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrual annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year funding is not available to cover annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken. Unused sick leave will be used in the calculation of an employee's or survivor's annuity based on retirement with an immediate annuity or on a death in service. For employees covered by the Civil Service Retirement System (CSRS), credit toward the annuity computation will be based on the full sick leave balance at retirement or death. For employees covered by the Federal Employees Retirement System (FERS), credit toward the annuity computation will be based upon a percentage of the sick leave balance at retirement or death, depending on the date the entitlement to the annuity began-

- 50 percent in the case of an annuity entitlement based on a separation from service from October 28, 2009, through December 31, 2013; and
- 100 percent in the case of an annuity entitlement based on a separation from service occurring on or after January 1, 2014.

## **Note 1 – Significant Accounting Policies (Continued)**

### **Retirement Plans**

All of the Foundation’s employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Under CSRS, the Foundation contributes an amount equal to seven percent of the employees’ basic pay to the plan. Under FERS, the Foundation contributes the employer’s matching share for Social Security and an amount equal to one percent of employee’s pay to the Thrift Savings Plan. The Foundation will also match an employee’s savings plan contribution up to an additional four percent of pay. OPM is responsible for reporting on FERS plan assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to federal civilian employees.

The FASAB’s SFFAS Number 5, *Accounting for Liabilities of the Federal Government*, requires that employing agencies recognize the full cost of pensions, health, and life insurance benefits, during their employee’s active years of service. OPM, as the administrator of the FERS plan, the Federal Employee’s Health Benefits Program, and the Federal Employee’s Group Life Insurance Program must provide the “cost factors” that adjust the agency contribution rate to the full cost for the applicable benefit programs. Accordingly, no liability is reflected on the Foundation’s balance sheet, and an imputed cost is reflected in its operating statements.

### **Obligations Related To Canceled Appropriations**

Payments may be required of up to one percent of current year appropriations for valid obligations incurred against prior year appropriations that have been canceled. The Foundation had no canceled appropriations as of September 30, 2018 and 2017.

### **Contingencies**

A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to the Foundation. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. With the exception of pending, threatened, or potential litigation, a contingent liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is more likely than not, and the related future outflow or sacrifice of resources is measurable. For pending, threatened, or potential litigation, a liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is likely, and the related future outflow or sacrifice of resources is measurable.

**Note 2 – Fund Balance With Treasury**

All of the Foundation’s fund balance with treasury comes from investment interest revenue, appropriations, fees charged for services and donations. The Trust Fund appropriation is unavailable to the Foundation for general use and can be used only for investments.

	2018	2017
A. Fund Balance with Treasury		
Trust Fund	\$ 19,901,918.99	\$ 18,497,252.34
Institute	9,704,615.88	9,056,670.42
Total	<u>\$ 29,606,534.87</u>	<u>\$ 27,553,922.76</u>
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	\$ 6,668,666.62	\$ 7,466,526.66
b) Unavailable	2,005,582.03	1,448,447.51
2) Obligated Balance not yet Disbursed	3,466,425.45	2,173,087.82
3) Non-Budgetary FBWT	17,465,860.77	16,465,860.77
Total	<u>\$ 29,606,534.87</u>	<u>\$ 27,553,922.76</u>

**Note 3 – Investments**

As of September 30, 2018, investments were composed of the following:

	Cost	Amortization Method	Amortized Premium (Discount)	Interest Receivable	Investments, Net	Market Value Disclosure
Intragovernmental Securities:						
Market Based Notes and Bonds	31,462,632.44	Interest-Yield	\$836,362.40	276,861.70	32,575,856.54	37,100,555.06

As of September 30, 2017, investments were composed of the following:

	Cost	Amortization Method	Amortized Premium (Discount)	Interest Receivable	Investments, Net	Market Value Disclosure
Intragovernmental Securities:						
Market Based Notes and Bonds	31,462,272.25	Interest-Yield	883,268.95	276,861.70	32,622,402.90	31,477,955.55

#### **Note 4 – Accounts Receivable**

Accounts Receivable is represented by Accounts Receivable – Associate Claims and Accounts Receivable – Other, which is where the Institute has billed for services provided. The direct write-off method is used for uncollectible receivables.

Accounts Receivable	<u>2018</u>	<u>2017</u>
Associate Claims:		
Non-federal		1,901.36
Other:		
Federal	140,556.49	543,910.48
Non-federal	51,276.96	36,361.46
Total Receivables	<u>\$ 191,833.45</u>	<u>\$ 582,173.30</u>

#### **Note 5 - General Property, Plant and Equipment, Net**

As of September 30, 2018 general property, plant and equipment were comprised of the following:

<u>2018</u>	<u>Furniture &amp; Fixtures</u>	<u>Computers</u>	<u>Telephone Systems</u>	<u>Operating Equipment</u>	<u>Assets Under Capital Lease</u>	<u>Total</u>
Cost	109,615.58	38,722.37	21,685.00	9,954.87		179,977.82
Accum. Depr.	(109,614.35)	(26,266.99)	(21,685.00)	(3,577.00)		(161,143.34)
Net Book Value	<u>1.23</u>	<u>12,455.38</u>	<u>-</u>	<u>6,377.87</u>	<u>-</u>	<u>18,834.48</u>

<u>2017</u>	<u>Furniture &amp; Fixtures</u>	<u>Computers</u>	<u>Telephone Systems</u>	<u>Operating Equipment</u>	<u>Assets Under Capital Lease</u>	<u>Total</u>
Cost	145,202.83	216,396.69	21,685.00	17,313.34	36,480.82	437,078.68
Accum. Depr.	(145,201.60)	(216,396.69)	(21,685.00)	(1,532.76)	(36,480.82)	(421,296.87)
Net Book Value	<u>1.23</u>	<u>-</u>	<u>-</u>	<u>15,780.58</u>	<u>-</u>	<u>15,781.81</u>

#### **Note 6 – Advances and Prepayments**

Advances and Prepayments is entirely comprised of funds that have been deposited with the Department of Interior Business Center. The Business Center performs the contracting function for the Foundation and according to procurement regulations must hold the full amount of the contract along with their contracting fee before they can solicit the contract for the Foundation.

**Note 7 – Liabilities Not Covered by Budgetary Resources**

Liabilities of the Foundation are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2018, the Foundation showed liabilities covered by budgetary resources of \$738,988.53 and liabilities not covered by budgetary resources of \$139,100.12. As of September 30, 2017, the Foundation showed liabilities covered by budgetary resources of \$642,108.20 and liabilities not covered by budgetary resources of \$152,789.79.

	<u>2018</u>	<u>2017</u>
Intragovernmental		
Employee Contributions & Payroll Taxes	27,327.94	25,166.73
Total Intragovernmental	<u>27,327.94</u>	<u>25,166.73</u>
With the Public		
Accounts Payable	602,779.87	525,407.25
Accrued Funded Payroll & Leave	104,852.40	87,921.60
Unfunded Leave	138,690.12	152,379.79
Employee Contributions & Payroll Taxes	4,028.32	3,612.62
Other Liabilities	410.00	410.00
Total With the Public	<u>850,760.71</u>	<u>769,731.26</u>
Total Liabilities	<u><u>878,088.65</u></u>	<u><u>794,897.99</u></u>
Total liabilities not covered by budgetary resources	139,100.12	152,789.79
Total liabilities covered by budgetary resources	<u>738,988.53</u>	<u>642,108.20</u>
Total Liabilities	<u><u>878,088.65</u></u>	<u><u>794,897.99</u></u>

**Note 8 – Other Liabilities**

Other liabilities with the public for the year ended September 30, 2018 and 2017 consist of Accounts Payable, Accrued Funded Payroll and Leave, Employer Contributions and Payroll Taxes Payable, Unfunded Leave and Other Liabilities in the amounts shown below. Other Intragovernmental liabilities consist of Employer Contributions and Payroll Taxes Payable.

	<b>2018</b>		
	<b>Non-Current</b>	<b>Current</b>	<b>Total</b>
Intragovernmental			
Employer Contributions and Payroll Taxes	-	27,327.94	27,327.94
Total Intragovernmental	-	27,327.94	27,327.94
Liabilities with the Public			
Accounts Payable	-	602,779.87	602,779.87
Employer Contributions and Payroll Taxes	-	4,028.32	4,028.32
Other Liabilities Without Related Budgetary			
Obligations	-	410.00	410.00
Total Liabilities with the Public	-	607,218.19	607,218.19
Unfunded Leave	138,690.12	-	138,690.12
Accrued Funded Payroll & Leave	-	104,852.40	104,852.40
Total Other Liabilities	138,690.12	739,398.53	878,088.65
	<b>2017</b>		
	<b>Non-Current</b>	<b>Current</b>	<b>Total</b>
Intragovernmental			
Employer Contributions and Payroll Taxes	-	25,166.73	25,166.73
Total Intragovernmental	-	25,166.73	25,166.73
Liabilities with the Public			
Accounts Payable	-	525,407.25	525,407.25
Employer Contributions and Payroll Taxes	-	3,612.62	3,612.62
Other Liabilities Without Related Budgetary			
Obligations	-	410.00	410.00
Total Liabilities with the Public	-	529,429.87	529,429.87
Unfunded Leave	152,379.79	-	152,379.79
Accrued Funded Payroll & Leave	-	87,921.60	87,921.60
Total Other Liabilities	152,379.79	642,518.20	794,897.99



**Note 9 – Costs and Exchange Revenue**

Intragovernmental costs are those related to goods/services purchased from a federal entity.

	<u>Total 2018</u>	<u>Total 2017</u>
Program A		
Intragovernmental costs	\$ 3,278,112.96	\$ 3,847,487.80
Public costs	4,659,076.54	5,195,792.37
Total Program A costs	<u>\$ 7,937,189.50</u>	<u>\$ 9,043,280.17</u>
Intragovernmental earned revenue	2,811,525.11	2,929,065.28
Public earned revenue	111,355.44	145,051.76
Total earned revenue	<u>\$ 2,922,880.55</u>	<u>\$ 3,074,117.04</u>
Total Program A	<u><u>\$ 5,014,308.95</u></u>	<u><u>\$ 5,969,163.13</u></u>

**Note 10 – Apportionment Categories of Obligations Incurred**

The Foundation is subject to apportionment; therefore, all obligations incurred for the Trust and Foundation are category B, which is the amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132.

	<u>Total 2018</u>	<u>Total 2017</u>
Direct		
Category B	<u>12,007,988.67</u>	<u>9,944,547.18</u>
Total Obligations	<u><u>12,007,988.67</u></u>	<u><u>9,944,547.18</u></u>

**Note 11 – Undelivered Orders at the End of the Period**

The amount of Unpaid Obligated Balance, Net, End of Period includes obligations relating to Undelivered Orders (goods and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year for goods and services received).

	<u>Unpaid Undelivered Orders</u>	<u>Paid Undelivered Orders</u>	<u>Total Undelivered Orders</u>
2018	\$ 2,821,947.00	\$ 494,911.69	\$ 3,316,858.69
2017	\$ 2,716,998.30	\$ -	\$ 2,716,998.30

## **Note 12 – Leases**

The Foundation maintains leased office space in Tucson under an operating lease expiring in Fiscal Year 2023. The Tucson office lease may be renewed under a five-year option until 2028. The District of Columbia lease was renewed in FY 2018 and expires in FY 2021. The rent payment for the office space in the District of Columbia escalates from year to year as outlined in the terms of the lease.

Future lease payments are summarized as follows:

FY 2019	\$	362,899
FY 2020	\$	368,234
FY 2021	\$	367,477
FY 2022	\$	306,800
FY 2023	\$	76,700
	\$	<u>1,482,110</u>

## **Note 13 – Explanation of Differences between the SBR and the Budget of the US Government**

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget). The Budget that will include FY 2018 actual budgetary execution information is scheduled for publication in February 2019, which will be available through OMB's website at <http://www.whitehouse.gov/omb>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2017 SBR and the related President's Budget reflected the following:

<b>FY2017</b>	<b>Budgetary Resources</b>	<b>New Obligations &amp; Upward Adjustments (Total)</b>	<b>Distributed Offsetting Receipts</b>	<b>Net Outlays</b>
Statement of Budgetary Resources	\$ 18,576,621.35	\$ 9,944,547.18	\$ -	\$ 5,598,716.63
<i>Budget of the U.S. Government</i>	16,000,000.00	10,000,000.00	\$ -	6,000,000.00
<b>Difference</b>	<u>\$ 2,576,621.35</u>	<u>\$ (55,452.82)</u>	<u>\$ -</u>	<u>\$ (401,283.37)</u>

The difference between the Statement of Budgetary Resources and the *Budget of the United States Government* for budgetary resources, obligations incurred, and net outlays are primarily due to the Budget of the U.S. Government rounding to the nearest millionth. A portion of the difference in the budgetary resources is due to expired unobligated balances being reported in the Statement of Budgetary Resources but not in the Budget of the United States Government

**Note 14 – Reconciliation of Net Cost of Operations to Budget (formerly the Statement of Finance)**

Liabilities not covered by budgetary resources total \$138,690.12 for FY 2018 and \$152,379.79 for FY2017, and the change in components requiring or generating resources in future periods show (\$13,689.67) for FY2018 and (\$11,768.16) for FY 2017. The (\$11,768.16) is the net decrease of future funded expenses – leave between fiscal 2017 and fiscal 2018. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

	2018	2017
Budgetary Resources Obligated	\$ 12,007,988.67	\$ 9,944,547.18
Spending Authority from Recoveries and Offsetting Collections	(4,177,104.77)	(3,869,109.62)
Distributed Offsetting Receipts	(1,789,544.00)	(2,025,000.00)
Donations and Forfeitures of Property	14,544.00	330,000.00
Imputed Financing from Costs Absorbed by Others	230,150.72	164,259.68
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(1,241,969.19)	1,455,874.39
Other	(13,706.48)	(6,608.15)
Resources that fund expenses recognized in prior periods	-	456.33
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(6,326.83)	(17,230.12)
Increase in Annual Leave Liability	(13,689.67)	(11,768.16)
Financing Sources Yet to be Provided	3,966.50	3,741.60
Net Cost of Operations	\$ 5,014,308.95	\$ 5,969,163.13

**Note 15 – Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government**

Statement of Federal Financial Accounting Standards No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* calls for explanations of material differences between budgetary resources available, status of those resources and outlays as presented in the Statements of Budgetary Resources (SBR) to the related actual balances published in the *Budget of the United States Government* (President’s Budget). However, the President’s Budget that will include fiscal year 2017 actual budgetary execution information has not yet been published. Accordingly, information required for such disclosures is not available at the

time of preparation of these financial statements. There were no material differences between the Foundation's fiscal year 2017 SBR and the related President's Budget.

**Note 16 – Commitments and Contingencies**

The Foundation is not aware of any commitments or contingencies which will have a material adverse effect on the Foundation's financial statements.

**Note 17 – Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 12<sup>th</sup>, 2018 which is the date the financial statements were available to be issued.

**THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION**  
**BALANCE SHEET**  
As Of September 30, 2018

	850	897	898	Eliminations	Consolidated Total
<b>Assets:</b>					
<b>Intragovernmental:</b>					
Fund Balance With Treasury	\$ 9,704,615.88		\$ 19,901,918.99		\$ 29,606,534.87
Investments			32,575,856.54		32,575,856.54
Accounts Receivable	140,556.49				140,556.49
Advances and Prepayments	494,911.69				494,911.69
<b>Total Intragovernmental</b>	<b>10,340,084.06</b>		<b>52,477,775.53</b>		<b>62,817,859.59</b>
Accounts Receivable, net	50,228.69		1,048.27		51,276.96
General Property, Plant and Equipment	18,834.48				18,834.48
<b>Total Assets</b>	<b>\$ 10,409,147.23</b>		<b>\$ 52,478,823.80</b>		<b>\$ 62,887,971.03</b>
<b>Liabilities:</b>					
<b>Intragovernmental:</b>					
<b>Other:</b>					
Employer Contributions and Payroll Taxes Payable	\$ 23,481.08		\$ 3,846.86		\$ 27,327.94
<b>Total Intragovernmental</b>	<b>23,481.08</b>		<b>3,846.86</b>		<b>27,327.94</b>
Accounts Payable	486,810.45		115,969.42		602,779.87
<b>Other:</b>					
Accrued Funded Payroll and Leave	88,408.00		16,444.40		104,852.40
Employer Contributions and Payroll Taxes Payable	3,354.43		673.89		4,028.32
Unfunded Leave	118,529.85		20,160.27		138,690.12
Other Liabilities Without Related Budgetary Obligations	410.00				410.00
<b>Total Liabilities</b>	<b>\$ 720,993.81</b>		<b>\$ 157,094.84</b>		<b>\$ 878,088.65</b>
<b>Net Position:</b>					
Unexpended Appropriations - All Other Funds (Consolidated Totals)	2,708,161.94		(115,763.95)		2,592,397.99
Cumulative Results of Operations - All Other Funds (Consolidated Totals)	6,979,991.48		52,437,492.91		59,417,484.39
<b>Total Net Position - All Other Funds (Consolidated Totals)</b>	<b>9,688,153.42</b>		<b>52,321,728.96</b>		<b>62,009,882.38</b>
<b>Total Net Position</b>	<b>9,688,153.42</b>		<b>52,321,728.96</b>		<b>62,009,882.38</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 10,409,147.23</b>		<b>\$ 52,478,823.80</b>		<b>\$ 62,887,971.03</b>

THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION

STATEMENT OF NET COST  
As Of And For The Year Ended September 30, 2018

	850	897	898	Eliminations	Consolidated
Program Costs:					
Trust: Strategic Goal 1					
Gross Costs	\$		\$ 2,053,876.94		\$ 2,053,876.94
Net Program Costs			2,053,876.94		2,053,876.94
Institute: Strategic Goal 2					
Gross Costs	\$ 5,883,312.56				\$ 5,883,312.56
Less: Earned Revenue	2,922,880.55				2,922,880.55
Net Program Costs	2,960,432.01				2,960,432.01
Net Cost of Operations	<u>\$ 2,960,432.01</u>		<u>\$ 2,053,876.94</u>		<u>\$ 5,014,308.95</u>

THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION

STATEMENT OF CHANGES IN NET POSITION  
As Of And For The Year Ended September 30, 2018

FY 2018 (CY)

	880 Funds from Dedicated Collections	880 All Other Funds	887 Funds from Dedicated Collections	887 All Other Funds	888 Funds from Dedicated Collections	888 All Other Funds	Eliminations	Consolidated Total
<b>Unexpended Appropriations:</b>								
Beginning Balances		\$ 1,771,151.72						\$ 1,771,151.72
Beginning balance, as adjusted		1,771,151.72						1,771,151.72
<b>Budgetary Financing Sources:</b>								
Appropriations received		3,366,000.00		1,975,000				5,341,000.00
Appropriations transferred-in/out (+/-)				(200,000.00)				(200,000.00)
Appropriations used		(2,428,989.78)		(1,775,000.00)		(115,763.95)		(4,319,753.73)
Total Budgetary Financing Sources		937,010.22				(115,763.95)		821,246.27
<b>Total Unexpended Appropriations</b>		2,708,161.94				(115,763.95)		2,592,397.99
<b>Cumulative Results from Operations</b>								
Beginning Balances		7,254,822.82				50,953,408.24		58,208,231.06
Beginning balances, as adjusted		7,254,822.82				50,953,408.24		58,208,231.06
<b>Budgetary Financing Sources:</b>								
Appropriations Used		2,428,989.78		1,775,000.00		115,763.95		4,319,753.73
Nonexchange Revenue		56,838.73				1,602,275.10		1,659,113.83
Donations and forfeitures of cash and cash equivalents						14,544.00		14,544.00
<b>Other Financing Sources (Nonexchange):</b>								
Imputed Financing		199,772.16				30,378.56		230,150.72
Total Financing Sources		2,685,600.67				3,537,961.61		6,223,562.28
Net Cost of Operations (+/-)		2,960,432.01				2,053,876.94		5,014,308.95
Net Change		(274,831.34)				1,484,084.67		1,209,253.33
<b>Cumulative Results of Operations</b>		6,979,991.48				52,437,492.91		59,417,484.39
<b>Net Position</b>		\$ 9,688,153.42		\$ -		\$ 62,321,728.96		\$ 62,009,882.38

THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION

STATEMENT OF BUDGETARY RESOURCES  
As Of And For The Year Ended September 30, 2018

	850 Budgetary	897 Budgetary	898 Budgetary	Eliminations Budgetary	Consolidated Total Budgetary
<b>Budgetary resources:</b>					
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 7,979,853.51	\$	\$ 1,920,151.36		\$ 9,900,004.87
Appropriations (discretionary and mandatory)	3,366,000.00	1,775,000.00	2,438,365.46		7,579,365.46
Spending authority from offsetting collections (discretionary and mandatory)	3,016,658.80				3,016,658.80
<b>Total budgetary resources</b>	<b>\$ 14,362,512.31</b>	<b>\$ 1,775,000.00</b>	<b>\$ 4,358,516.82</b>		<b>\$ 20,496,029.13</b>
<b>Status of budgetary resources:</b>					
New obligations and upward adjustments (total)	\$ 6,769,982.32	\$ 1,775,000.00	\$ 3,463,006.35		\$ 12,007,988.67
Unobligated balance, end of year:					
Apportioned, unexpired account	6,035,907.48		678,804.95		6,714,712.43
Unapportioned, unexpired accounts	1,556,622.51		216,705.52		1,773,328.03
Unexpired unobligated balance, end of year	7,592,529.99		895,510.47		8,488,040.46
Unobligated balance, end of year (total)	7,592,529.99		895,510.47		8,488,040.46
<b>Total budgetary resources</b>	<b>\$ 14,362,512.31</b>	<b>\$ 1,775,000.00</b>	<b>\$ 4,358,516.82</b>		<b>\$ 20,496,029.13</b>
<b>Outlay, net:</b>					
Outlays, net (total) (discretionary and mandatory)	\$ 2,718,054.54	\$ 1,775,000.00	\$ 2,033,698.81		\$ 6,526,753.35
Distributed offsetting receipts (-)			(1,789,544.00)		(1,789,544.00)
Agency outlays, net (discretionary and mandatory)	\$ 2,718,054.54	\$ 1,775,000.00	\$ 244,154.81		\$ 4,737,209.35