

AMERICAN INDIAN SERVICES
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
American Indian Services

Report on the Financial Statements

We have audited the accompanying financial statements of American Indian Services (a Utah nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian Services as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited American Indian Services' 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Squire & Company, PC

Orem, Utah
August 20, 2020

AMERICAN INDIAN SERVICES
STATEMENT OF FINANCIAL POSITION

December 31, 2019 with Comparative Totals for 2018

	2019	2018
ASSETS		
Current Assets:		
Cash	\$ 838,284	\$ 1,376,041
Investments	7,108,699	5,885,554
Prepaid expenses	16,917	62,800
Accounts receivable	-	11,250
Total current assets	7,963,900	7,335,645
Net Fixed Assets	109,314	120,164
Cash Value of Life Insurance	-	34,865
Total assets	<u>\$ 8,073,214</u>	<u>\$ 7,490,674</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 14,714	\$ 80,916
Accrued expenses	22,822	20,965
Scholarships payable	1,221,405	1,140,964
Deferred revenue	191,500	75,000
Total current liabilities	1,450,441	1,317,845
Post-Retirement Obligation	210,000	210,000
Total liabilities	1,660,441	1,527,845
Net Assets:		
Without donor restrictions	6,120,571	5,048,466
With donor restrictions	292,202	914,363
Total net assets	6,412,773	5,962,829
Total liabilities and net assets	<u>\$ 8,073,214</u>	<u>\$ 7,490,674</u>

The accompanying notes are an integral part of this financial statement.

**AMERICAN INDIAN SERVICES
STATEMENT OF ACTIVITIES**

Year Ended December 31, 2019 with Comparative Totals for 2018

	2019	2018
Net Assets without Donor Restrictions:		
Revenues, gains, and support:		
Special events:		
Revenues	\$ 1,691,505	\$ 2,134,210
Noncash donations	564,678	305,373
Cost of special events directly benefiting attendees	<u>(671,800)</u>	<u>(1,136,735)</u>
Net special event revenue	1,584,383	1,302,848
Contributions	1,766,978	931,845
Grants	-	89,369
Investment income, net	80,709	123,016
Investment gains (losses)	1,150,883	(651,787)
Net assets released from restrictions	<u>632,613</u>	<u>1,240,303</u>
Total revenues, gains, and support	5,215,566	3,035,594
Expenses:		
Program services:		
Scholarships	2,595,809	2,169,544
Tribal projects	1,033,824	816,772
Supporting services:		
Management and general	181,281	162,985
Fundraising	<u>332,547</u>	<u>265,287</u>
Total expenses	<u>4,143,461</u>	<u>3,414,588</u>
Change in net assets without donor restrictions	1,072,105	(378,994)
Net Assets with Donor Restrictions:		
Contributions	10,452	914,363
Net assets released from restrictions	<u>(632,613)</u>	<u>(1,240,303)</u>
Change in net assets with donor restrictions	<u>(622,161)</u>	<u>(325,940)</u>
Change in Net Assets	449,944	(704,934)
Net Assets at Beginning of Year	<u>5,962,829</u>	<u>6,667,763</u>
Net Assets at End of Year	<u><u>\$ 6,412,773</u></u>	<u><u>\$ 5,962,829</u></u>

The accompanying notes are an integral part of this financial statement.

AMERICAN INDIAN SERVICES
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019 with Comparative Totals for 2018

	Program Services		Supporting Services		Totals	
	Scholarships	Tribal Projects	Management and General	Fundraising	2019	2018
Expenses:						
Salaries	\$ 74,050	\$ 637,822	\$ 42,948	\$ 125,018	\$ 879,838	\$ 574,417
Payroll taxes and benefits	11,896	102,469	6,900	20,085	141,350	86,573
Scholarships	2,504,012	-	-	-	2,504,012	2,102,888
Tribal outreach	-	253,000	-	-	253,000	273,703
Office	984	8,473	17,231	1,661	28,349	53,200
Insurance	-	-	99,131	-	99,131	82,218
Communications	750	6,461	435	1,266	8,912	6,930
Occupancy	100	870	59	171	1,200	1,200
Professional fees	425	3,664	12,872	718	17,679	24,736
Postage	1,147	-	287	4,302	5,736	4,264
Printing	-	-	-	121,519	121,519	145,640
Travel	1,069	9,212	620	1,806	12,707	7,236
Promotion and awards	-	-	-	53,678	53,678	38,947
Depreciation	1,376	11,853	798	2,323	16,350	12,636
Total expenses	<u>\$ 2,595,809</u>	<u>\$ 1,033,824</u>	<u>\$ 181,281</u>	<u>\$ 332,547</u>	<u>\$ 4,143,461</u>	<u>\$ 3,414,588</u>

The accompanying notes are an integral part of this financial statement.

AMERICAN INDIAN SERVICES
STATEMENT OF CASH FLOWS

Year Ended December 31, 2019 with Comparative Totals for 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ 449,944	\$ (704,934)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Noncash contribution of investments	(540,580)	-
Investment (gains) losses recognized	(1,150,883)	651,787
Depreciation	16,350	12,636
Changes in operating assets and liabilities:		
Prepaid expenses	45,883	(43,375)
Accounts receivable	11,250	202,159
Contributions receivable	-	142,856
Cash value of life insurance	34,865	32,218
Accounts payable	(66,202)	75,916
Accrued expenses	1,857	5,712
Scholarships payable	80,441	385,605
Deferred revenue	116,500	24,695
Net cash provided (used) by operating activities	<u>(1,000,575)</u>	<u>785,275</u>
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	-	8,880
Purchases of fixed assets	(5,500)	(39,733)
Net sales (purchases) of investments	468,318	(946,889)
Net cash used by investing activities	<u>462,818</u>	<u>(977,742)</u>
Net Change in Cash	(537,757)	(192,467)
Cash at Beginning of Year	<u>1,376,041</u>	<u>1,570,898</u>
Cash at End of Year	<u>\$ 838,284</u>	<u>\$ 1,378,431</u>

Supplementary Data:

The Organization paid no interest or income taxes during the year ended December 31, 2019.

The accompanying notes are an integral part of this financial statement.

AMERICAN INDIAN SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of American Indian Services (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization

American Indian Services was incorporated in 1981 in the state of Utah. The mission of the Organization is to raise and administer funds to assist Native Americans in developing their human and natural resources in order to help them make a contribution to society without detracting from the culture and background from which they have emerged. The Organization seeks to accomplish this mission primarily through scholarship awards to college and vocational schools, housing, conferences, and workshops. The Organization also collects and disburses non-monetary donations of goods and materials to Native Americans.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. The donor restrictions are temporary in nature and are described in Note 5.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Income Taxes

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(a) and is classified as a Section 501(c)(3) public charity. Also, the Organization is exempt from state income taxes.

Donated Services

Individuals donate services to the Organization in relation to various special events, the value of these services have been measured and recorded in the financial statements as a component of “noncash contributions” on the statement of activities. During the year ended December 31, 2019 the Organization recognized revenue of \$100,000 for donated services.

AMERICAN INDIAN SERVICES

NOTES TO THE FINANCIAL STATEMENTS

Gifts in Kind

Donations of equipment and materials to the Organization are usually transferred to Native Americans and are recorded by the Organization at estimated fair value at the time of the donation as contributions with a corresponding program service expense.

Any other donations that remain with the Organization, for example marketable securities, are recorded at estimated fair value at the time of the donation as contributions.

Investments

Investments are presented in the financial statements at fair value. Gains and losses on investments and changes in fair values are considered elements of revenue.

Fixed Assets

Fixed assets are recorded at cost or estimated fair value if donated. Fixed assets valued at more than \$1,000 are capitalized and depreciated using the straight-line depreciation method over the estimated useful lives of the assets.

Scholarships Payable

The Organization awards scholarships quarterly with applications being due during the months of February, May, August and November. Scholarship payments are made to the schools where the student attends. At December 31, 2019, the Organization recognized a liability of \$1,221,405 for the amount of scholarships awarded to eligible applicants but not yet paid.

Allocation of Expenses

Directly identifiable expenses are charged to programs and support services and indirect costs are allocated based on personnel costs. Management and general expenses include those expenses that are not directly identifiable with any specific function, but provide overall support and direction of the Organization. Fundraising expenses include those activities involved in soliciting contributions, conducting fundraising events, and other similar activities.

Estimates

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

Summarized Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

AMERICAN INDIAN SERVICES
NOTES TO THE FINANCIAL STATEMENTS

New Accounting Pronouncement

FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU assists entities in evaluating whether a transaction is a contribution (nonreciprocal) or an exchange (reciprocal) transaction and in determining when a contribution is conditional. The ASU has two implementation dates; for transactions where the organization is a recipient of resources the ASU is effective for reporting periods beginning after December 15, 2018 and for transactions where the organization is a provider of resources the ASU is effective for reporting periods after December 31, 2019.

The Organization has implemented this ASU for transactions in which it is a recipient of resources during the year ended December 31, 2019. The ASU has not been applied retrospectively to transactions occurring prior to the ASU’s implementation.

Subsequent Events

The Organization has evaluated subsequent events through August 20, 2020, the date which the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2019:

Financial assets at year end:	
Cash	\$ 838,284
Investments	<u>7,108,699</u>
Total financial assets	7,946,983
Less amounts not available to be used within one year:	
Net assets with donor restrictions	292,202
Less net assets with purpose restrictions to be met in less than a year	<u>(292,202)</u>
Total amount not available to be used within one year	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 7,946,983</u></u>

The Organization’s goal is generally to maintain financial assets to meet 6 months of operating expenses (approximately \$2,100,000). As part of its liquidity plan, excess cash is invested by the Organization.

AMERICAN INDIAN SERVICES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – FIXED ASSETS

Fixed assets consisted of the following at December 31, 2019:

		<u>Depreciable Lives (Years)</u>
Vehicles	\$ 137,989	5 to 10
Office equipment	32,346	5 to 10
Software	16,370	5
	<u>186,705</u>	
Accumulated depreciation	<u>(77,391)</u>	
Net fixed assets	<u>\$ 109,314</u>	

NOTE 4 – CASH VALUE OF LIFE INSURANCE

The Organization is the owner and beneficiary of a life insurance policy on the Organization’s executive director. Accordingly, the Organization has access to the cash value of the policy. Total insurance in force and cash value were \$1,000,000 and \$0 at December 31, 2019, respectively. The Organization is responsible for paying the insurance premiums.

NOTE 5 – FAIR VALUE MEASUREMENTS

As described in Note 1, the Organization uses various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the School has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A description of the valuation techniques applied to the Organization’s major categories of assets and liabilities measured at fair value on a recurring basis follows:

Common and preferred stocks – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds – Valued at the net asset value (NAV) of shares.

AMERICAN INDIAN SERVICES
NOTES TO THE FINANCIAL STATEMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value at December 31, 2019:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common and preferred stocks	\$ 933,654	\$ 933,654	\$ -	\$ -
Mutual funds	6,175,045	6,175,045	-	-
	<u>\$ 7,108,699</u>	<u>\$ 7,108,699</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 – POST-RETIREMENT OBLIGATION

The Organization has a post-retirement benefit agreement with its executive director whereby the Organization has agreed to pay a death benefit of \$210,000 to specified beneficiaries. The Organization has purchased a life insurance policy (see Note 2) to fund this obligation.

NOTE 7 – NET ASSETS

Net assets with donor restrictions had purpose restrictions as follows at December 31, 2019:

Scholarships	\$ 281,750
Tribal projects	10,452
	<u>\$ 292,202</u>

Net assets released from donor restrictions were as follows:

Satisfaction of purpose restrictions:	
Scholarships	\$ 411,221
Tribal projects	221,392
Total	<u>\$ 632,613</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

The Organization received cash donations totaling \$1,229,916 and noncash donations totaling \$104,962 from board members during the year ended December 31, 2019. The Organization made payments totaling \$44,310 to companies owned by board members for air travel.

NOTE 9 - CONCENTRATIONS

At December 31, 2019, the Organization’s carrying amount of cash was \$838,284 and the bank balance was \$795,008, of which \$500,000 was covered by federal depository insurance.