

AMERICAN INDIAN SERVICES
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
American Indian Services

Report on Financial Statements

Opinion

We have audited the accompanying financial statements of American Indian Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Indian Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Indian Services' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Indian Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Indian Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited American Indian Services' December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Squire & Company, PC

Orem, Utah
October 23, 2024

AMERICAN INDIAN SERVICES
STATEMENT OF FINANCIAL POSITION

December 31, 2023 with Summarized Comparative Totals for 2022

	2023	2022
ASSETS		
Cash	\$ 1,853,851	\$ 981,372
Investments	7,165,158	5,876,337
Accounts receivable	263	30,632
Prepaid expenses	19,921	12,566
Operating lease right-of-use asset	307,265	378,845
Net fixed assets	<u>58,198</u>	<u>73,626</u>
Total assets	<u>\$ 9,404,656</u>	<u>\$ 7,353,378</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 1,357	\$ 12,670
Accrued expenses	37,254	40,627
Scholarships payable	588,500	433,500
Unearned revenue	5,000	-
Operating lease liability	<u>314,647</u>	<u>389,335</u>
Total liabilities	946,758	876,132
Net Assets:		
Without donor restrictions	6,325,708	5,884,043
With donor restrictions	<u>2,132,190</u>	<u>593,203</u>
Total net assets	<u>8,457,898</u>	<u>6,477,246</u>
Total liabilities and net assets	<u>\$ 9,404,656</u>	<u>\$ 7,353,378</u>

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

**AMERICAN INDIAN SERVICES
STATEMENT OF ACTIVITIES**

Year Ended December 31, 2023 with Summarized Comparative Totals for 2022

	2023	2022
Net Assets without Donor Restrictions:		
Revenues, support, and gains:		
Special events:		
Revenues	1,062,249	\$ 1,465,576
In-kind contributions	441,645	206,539
Cost of special events directly benefiting attendees	<u>(677,615)</u>	<u>(434,432)</u>
Net special event revenue	826,279	1,237,683
Contributions	1,807,740	2,536,848
Noncash contributions	107,905	97,611
Grants	72,854	49,991
Investment income (loss)	1,076,069	(1,335,112)
Gain on PPP loan forgiveness	-	104,255
Net assets released from restrictions	<u>27,180</u>	<u>4,750</u>
Total revenues, support, and gains	3,918,027	2,696,026
Expenses:		
Program services:		
Scholarships	2,112,673	2,830,950
Prep program	626,628	1,172,221
Tribal projects	90,413	93,559
Supporting services:		
Management and general	288,217	267,087
Fundraising	<u>358,432</u>	<u>342,145</u>
Total expenses	<u>3,476,363</u>	<u>4,705,962</u>
Change in net assets without donor restrictions	441,664	(2,009,936)
Net Assets with Donor Restrictions:		
Contributions	1,566,168	200,951
Net assets released from restrictions	<u>(27,180)</u>	<u>(4,750)</u>
Change in net assets with donor restrictions	<u>1,538,988</u>	<u>196,201</u>
Change in Net Assets	1,980,652	(1,813,735)
Net Assets at Beginning of Year	<u>6,477,246</u>	<u>8,290,981</u>
Net Assets at End of Year	<u><u>8,457,898</u></u>	<u><u>\$ 6,477,246</u></u>

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

AMERICAN INDIAN SERVICES
STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2023 with Summarized Comparative Totals for 2022

	Program Services			Supporting Services		Totals	
	Scholarships	Prep Program	Tribal Projects	Management and General	Fundraising	2023	2022
Expenses:							
Salaries	\$ 175,987	\$ 333,254	\$ 69,728	\$ 169,953.00	\$ 205,976	\$ 954,898	\$ 1,100,492
Payroll taxes and benefits	25,915	38,207	10,267	25,028	30,330	129,747	167,078
Scholarships	1,886,315	-	-	-	-	1,886,315	2,627,071
Supplies	-	153,939	746	-	-	154,685	302,643
Office	1,101	15,534	436	27,418	2,086	46,575	69,444
Insurance	559	1,059	221	18,198	654	20,691	23,360
Communications	1,785	3,380	707	1,723	2,089	9,684	10,078
Occupancy	14,160	29,303	5,610	13,674	16,572	79,319	66,681
Professional fees	1,257	3,881	498	27,230	1,803	34,669	70,009
Postage	573	293	-	143	2,365	3,374	3,475
Travel	1,418	40,954	562	1,370	1,997	46,301	167,476
Promotion and awards	208	394	293	201	90,586	91,682	78,915
Depreciation	3,395	6,430	1,345	3,279	3,974	18,423	19,240
Total expenses	<u>\$ 2,112,673</u>	<u>\$ 626,628</u>	<u>\$ 90,413</u>	<u>\$ 288,217</u>	<u>\$ 358,432</u>	<u>\$ 3,476,363</u>	<u>\$ 4,705,962</u>

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

AMERICAN INDIAN SERVICES
STATEMENT OF CASH FLOWS

December 31, 2023 with Summarized Comparative Totals for 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,980,652	\$ (1,813,735)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Noncash contribution of investments	(212,825)	(116,823)
Noncash contribution of fixed assets	(2,995)	-
Gain on sale of fixed assets	-	(250)
Investment losses (gains)	(994,455)	1,370,215
Gain on PPP loan forgiveness	-	(104,255)
Depreciation	18,423	19,240
Operating lease right-of-use asset	71,580	64,481
Changes in operating assets and liabilities:		
Accounts receivable	30,369	57,368
Prepaid expenses	(7,355)	(2,129)
Accounts payable	(11,313)	(5,514)
Accrued expenses	(3,373)	(76,661)
Scholarships payable	155,000	(1,124,152)
Unearned revenue	5,000	-
Post-retirement obligation	-	(105,000)
Operating lease liability	(74,688)	(53,991)
Net cash provided (used) by operating activities	1,028,708	(1,837,215)
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	-	1,000
Purchases of fixed assets	-	(9,761)
Net sales (purchases) of investments	(81,541)	1,165,260
Net cash provided (used) by investing activities	(81,541)	1,156,499
Net Change in Cash	947,167	(680,716)
Cash at Beginning of Year	981,372	1,716,079
Cash at End of Year	<u>\$ 1,928,539</u>	<u>\$ 1,035,363</u>

Supplementary Data:

The Organization paid no interest or income taxes during the year ended December 31, 2023.

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.

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 6.

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.

Tax Status

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.

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.

AMERICAN INDIAN SERVICES

NOTES TO THE FINANCIAL STATEMENTS

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, 2023, the Organization recognized a liability of \$588,500 for the amount of scholarships awarded to eligible applicants but not yet paid.

Leases

The Organization has elected to use the risk-free discount rate for its operating leases. The Organization has elected to account for leases as short-term leases has a term of 12 months or less and does not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Short-term lease expense is recognized on a straight-line basis over the lease term.

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, 2022, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through October 23, 2024, 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.

AMERICAN INDIAN SERVICES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2023:

Financial assets at year end:	
Cash	\$ 1,853,851
Investments	7,165,158
Accounts receivable	<u>263</u>
Total financial assets	9,019,272
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(2,132,190)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 6,887,082</u></u>

The Organization’s goal is generally to maintain financial assets to meet 6 months of operating expenses (approximately \$1,700,000). As part of its liquidity plan, excess cash is invested by the Organization.

NOTE 3 – FIXED ASSETS

Fixed assets consisted of the following at December 31, 2023:

		<u>Depreciable Lives (Years)</u>
Vehicles	\$ 98,881	5 to 10
Office equipment	73,674	5 to 10
Software	<u>16,370</u>	5
	188,925	
Accumulated depreciation	<u>(130,727)</u>	
Net fixed assets	<u><u>\$ 58,198</u></u>	

NOTE 4 – 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.

AMERICAN INDIAN SERVICES
NOTES TO THE FINANCIAL STATEMENTS

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:

Equity securities – 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 held by the Organization.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value at December 31, 2023:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 1,370,504	\$ 1,370,504	\$ -	\$ -
Mutual funds	5,647,458	5,647,458	-	-
	<u>\$ 7,017,962</u>	<u>\$ 7,017,962</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – LEASES

The Organization acquired the right to use office space under an operating lease agreement that began February 2022 and expires February 2028. The lease requires monthly payments of \$6,149 with a 3 percent annual rate increase. The lease is amortized using an interest rate of 1.94%. The cost of the lease was \$78,524 for the year ended December 31, 2023.

The weighted-average remaining lease term for the operating lease was 4.08 years at December 31, 2023. The weighted-average discount rate for the operating lease was 1.94% at December 31, 2023.

AMERICAN INDIAN SERVICES
NOTES TO THE FINANCIAL STATEMENTS

Future minimum payments under the lease, together with their present values as of December 31, 2023, are summarized as follows:

Year Ending December 31,	
2024	\$ 71,758
2025	80,434
2026	82,848
2027	85,333
2028	<u>7,128</u>
Total minimum lease payments	327,501
Amount representing interest	<u>(12,854)</u>
Present value of minimum lease payments	<u>\$ 314,647</u>

NOTE 6 – NET ASSETS

Net assets with donor restrictions had purpose restrictions as follows at December 31, 2023:

Scholarships	\$ 2,046,988
Triball projects	5,243
Prep Program	<u>79,959</u>
	<u>\$ 2,132,190</u>

Net assets released from donor restrictions during the year ended December 31, 2023 were as follows:

Scholarships	\$ 22,500
Prep Program	<u>4,680</u>
	<u>\$ 27,180</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

The Organization received cash donations totaling \$362,709 and noncash donations totaling \$36,715 from board members during the year ended December 31, 2023.

NOTE 8 – CONCENTRATIONS

At December 31, 2023, the Organization's carrying amount of cash was \$1,853,851 and the bank balance was \$1,747,582, of which \$265,540 was covered by federal depository insurance.