

**AMERICAN INDIAN SERVICES**  
**AUDITED FINANCIAL STATEMENTS**  
Year Ended December 31, 2020

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
AUDITED FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



## 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 nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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, 2020, 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' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Squire & Company, PC*

Orem, Utah  
August 17, 2021

**AMERICAN INDIAN SERVICES**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2020 with Comparative Totals for 2019

	2020	2019
<b>ASSETS</b>		
<b>Assets:</b>		
Cash	\$ 1,237,904	\$ 838,284
Investments	6,941,488	7,108,699
Prepaid expenses	10,756	16,917
Net fixed assets	<u>100,838</u>	<u>109,314</u>
Total assets	<u>\$ 8,290,986</u>	<u>\$ 8,073,214</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 10,068	\$ 14,714
Accrued expenses	28,614	22,822
Scholarships payable	786,736	1,221,405
Deferred revenue	-	191,500
Post-retirement obligation	210,000	210,000
PPP loan	<u>211,278</u>	<u>-</u>
Total liabilities	1,246,696	1,660,441
<b>Net Assets:</b>		
Without donor restrictions	6,482,546	6,120,571
With donor restrictions	<u>561,744</u>	<u>292,202</u>
Total net assets	<u>7,044,290</u>	<u>6,412,773</u>
Total liabilities and net assets	<u>\$ 8,290,986</u>	<u>\$ 8,073,214</u>

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

**AMERICAN INDIAN SERVICES  
STATEMENT OF ACTIVITIES**

Year Ended December 31, 2020 with Comparative Totals for 2019

	2020	2019
<b>Net Assets without Donor Restrictions:</b>		
Revenues, gains, and support:		
Special events:		
Revenues	\$ 857,497	1,691,505
Noncash donations	239,635	564,678
Cost of special events directly benefiting attendees	<u>(365,557)</u>	<u>(671,800)</u>
Net special event revenue	731,575	1,584,383
Contributions	2,539,925	1,766,978
Grants	84,486	-
Investment income, net	582,144	1,231,592
Net assets released from restrictions	<u>14,202</u>	<u>632,613</u>
Total revenues, gains, and support	3,952,332	5,215,566
Expenses:		
Program services:		
Scholarships	2,185,878	2,595,809
STEM Program	206,518	693,624
Tribal projects	627,477	340,200
Supporting services:		
Management and general	219,168	181,281
Fundraising	<u>351,316</u>	<u>332,547</u>
Total expenses	<u>3,590,357</u>	<u>4,143,461</u>
Change in net assets without donor restrictions	361,975	1,072,105
<b>Net Assets with Donor Restrictions:</b>		
Contributions	283,744	10,452
Net assets released from restrictions	<u>(14,202)</u>	<u>(632,613)</u>
Change in net assets with donor restrictions	<u>269,542</u>	<u>(622,161)</u>
<b>Change in Net Assets</b>	631,517	449,944
<b>Net Assets at Beginning of Year</b>	<u>6,412,773</u>	<u>5,962,829</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 7,044,290</u></u>	<u><u>\$ 6,412,773</u></u>

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

**AMERICAN INDIAN SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2020 with Comparative Totals for 2019

	Program Services			Supporting Services		Totals	
	Scholarships	STEM Program	Tribal Projects	Management and General	Fundraising	2020	2019
<b>Expenses:</b>							
Salaries	\$ 101,231	\$ 135,662	\$ 131,157	\$ 58,616	\$ 142,717	\$ 569,383	\$ 879,838
Payroll taxes and benefits	12,555	16,825	16,267	7,269	17,700	70,616	141,350
Scholarships	2,062,261	-	-	-	-	2,062,261	2,504,012
Supplies	-	4,448	460,356	-	-	464,804	253,000
Office	1,677	2,632	2,173	4,129	2,614	13,225	28,349
Insurance	698	4,966	904	124,231	984	131,783	99,131
Communications	842	3,067	1,090	487	1,187	6,673	8,912
Occupancy	213	586	276	124	301	1,500	1,200
Professional fees	1,971	10,134	3,848	21,906	2,779	40,638	17,679
Postage	484	365	-	121	1,815	2,785	5,736
Travel	975	22,099	4,262	565	2,640	30,541	12,707
Promotion and awards	-	1,752	3,295	-	174,390	179,437	175,197
Depreciation	2,971	3,982	3,849	1,720	4,189	16,711	16,350
Total expenses	<u>\$ 2,185,878</u>	<u>\$ 206,518</u>	<u>\$ 627,477</u>	<u>\$ 219,168</u>	<u>\$ 351,316</u>	<u>\$ 3,590,357</u>	<u>\$ 4,143,461</u>

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

**AMERICAN INDIAN SERVICES  
STATEMENT OF CASH FLOWS**

Year Ended December 31, 2020 with Comparative Totals for 2019

	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 631,517	\$ 449,944
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Noncash contribution of investments	(367,324)	(540,580)
Gain on sale of fixed assets	(676)	-
Investment gains	(560,445)	(1,150,883)
Depreciation	16,711	16,350
Changes in operating assets and liabilities:		
Prepaid expenses	6,161	45,883
Accounts receivable	-	11,250
Cash value of life insurance	-	34,865
Accounts payable	(4,646)	(66,202)
Accrued expenses	5,792	1,857
Scholarships payable	(434,669)	80,441
Deferred revenue	(191,500)	116,500
Net cash used by operating activities	(899,079)	(1,000,575)
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of fixed assets	2,300	-
Purchases of fixed assets	(9,859)	(5,500)
Net sales of investments	1,094,980	468,318
Net cash provided by investing activities	1,087,421	462,818
<b>Cash Flows from Financing Activities:</b>		
Proceeds from PPP loan	211,278	-
<b>Net Change in Cash</b>	399,620	(537,757)
<b>Cash at Beginning of Year</b>	838,284	1,376,041
<b>Cash at End of Year</b>	<u>\$ 1,237,904</u>	<u>\$ 838,284</u>

**Supplementary Data:**

The Organization paid no interest or income taxes during the year ended December 31, 2020.

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



## **AMERICAN INDIAN SERVICES**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **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 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.

#### **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**

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**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, 2020, the Organization recognized a liability of \$786,736 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, 2019, from which the summarized information was derived.

**Subsequent Events**

The Organization has evaluated subsequent events through August 17, 2021, 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**

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**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets at December 31, 2020:

Financial assets at year end:	
Cash	\$ 1,237,904
Investments	<u>6,941,488</u>
Total financial assets	8,179,392
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>561,744</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 7,617,648</u></u>

The Organization’s goal is generally to maintain financial assets to meet 6 months of operating expenses (approximately \$1,800,000). 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, 2020:

		<u>Depreciable Lives (Years)</u>
Vehicles	\$ 129,129	5 to 10
Office equipment	42,206	5 to 10
Software	<u>16,370</u>	5
	187,705	
Accumulated depreciation	<u>(86,867)</u>	
Net fixed assets	<u><u>\$ 100,838</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**

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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.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value at December 31, 2020:

	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common and preferred stocks	\$ 1,134,797	\$ 1,134,797	\$ -	\$ -
Mutual funds	5,806,691	5,806,691	-	-
	<u>\$ 6,941,488</u>	<u>\$ 6,941,488</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 – POST-RETIREMENT OBLIGATION**

The Organization has a post-retirement benefit agreement with its former executive director whereby the Organization has agreed to pay a death benefit of \$210,000 to specified beneficiaries.

**NOTE 6 – PPP LOAN**

The Organization received loan proceeds of \$211,278 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, provides for loans to qualifying businesses. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes (including payroll, benefits, rent and utilities) and maintains its payroll levels.

The Organization intends to use the loan proceeds for purposes consistent with the PPP and believes that the Organization’s use of the loan proceeds will meet the conditions for forgiveness of the loan. Any unforgiven portion of the loan bears interest at a rate of 1 percent. Should any portion of the PPP loan be deemed unforgiven, the Organization has two years to retire the loan. Principal payments required should the entire amount not be forgiven would be \$154,253 and \$57,025 for the years ending December 31, 2021 and 2022, respectively.

**AMERICAN INDIAN SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 7 – NET ASSETS**

Net assets with donor restrictions had purpose restrictions as follows at December 31, 2020:

Scholarships	\$ 500,839
STEM Program	<u>60,905</u>
	<u>\$ 561,744</u>

Net assets released from donor restrictions were as follows:

Satisfaction of purpose restrictions:	
Scholarships	\$ 3,750
Tribal projects	<u>10,452</u>
	<u>\$ 14,202</u>

**NOTE 8 – RELATED PARTY TRANSACTIONS**

The Organization received cash donations totaling \$775,467 and noncash donations totaling \$115,662 from board members during the year ended December 31, 2020. The Organization made payments totaling \$108,577 to a board member to purchase items for donor gifts and the gala auction.

**NOTE 9 – CONCENTRATIONS**

At December 31, 2020, the Organization's carrying amount of cash was \$1,237,904 and the bank balance was \$1,142,958, of which \$388,459 was covered by federal depository insurance.