

AMERICAN INDIAN SERVICES
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
American Indian Services

Opinion

We have audited the accompanying financial statements of American Indian Services (the Organization) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, 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, 2021 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 audits. 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's 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, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Orem, Utah
October 13, 2022

AMERICAN INDIAN SERVICES
STATEMENT OF FINANCIAL POSITION

December 31, 2021 with Comparative Totals for 2020

	2021	2020
ASSETS		
Assets:		
Cash	\$ 1,716,079	\$ 1,237,904
Investments	8,294,989	6,941,488
Accounts receivable	88,000	-
Prepaid expenses	10,437	10,756
Net fixed assets	83,855	100,838
Total assets	<u>\$ 10,193,360</u>	<u>\$ 8,290,986</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 18,184	\$ 10,068
Accrued expenses	117,288	28,614
Scholarships payable	1,557,652	786,736
Post-retirement obligation	105,000	210,000
PPP loan	104,255	211,278
Total liabilities	1,902,379	1,246,696
Net Assets:		
Without donor restrictions	7,893,979	6,482,546
With donor restrictions	397,002	561,744
Total net assets	<u>8,290,981</u>	<u>7,044,290</u>
Total liabilities and net assets	<u>\$ 10,193,360</u>	<u>\$ 8,290,986</u>

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

**AMERICAN INDIAN SERVICES
STATEMENT OF ACTIVITIES**

Year Ended December 31, 2021 with Comparative Totals for 2020

	2021	2020
Net Assets without Donor Restrictions:		
Revenues, gains, and support:		
Special events:		
Revenues	\$ 1,638,361	\$ 857,497
Noncash donations	319,477	239,635
Cost of special events directly benefiting attendees	<u>(604,152)</u>	<u>(365,557)</u>
Net special event revenue	1,353,686	731,575
Contributions	3,081,251	2,539,925
Grants	25,000	84,486
Investment income, net	1,399,311	582,144
Gain on PPP loan forgiveness	211,278	-
Net assets released from restrictions	<u>167,741</u>	<u>14,202</u>
Total revenues, gains, and support	6,238,267	3,952,332
Expenses:		
Program services:		
Scholarships	3,392,988	2,185,878
STEM program	745,852	206,518
Tribal projects	61,672	627,477
Supporting services:		
Management and general	320,870	219,168
Fundraising	<u>302,453</u>	<u>351,316</u>
Total expenses	<u>4,823,835</u>	<u>3,590,357</u>
Change in net assets without donor restrictions	1,414,432	361,975
Net Assets with Donor Restrictions:		
Contributions	-	283,744
Net assets released from restrictions	<u>(167,741)</u>	<u>(14,202)</u>
Change in net assets with donor restrictions	<u>(167,741)</u>	<u>269,542</u>
Change in Net Assets	1,246,691	631,517
Net Assets at Beginning of Year	<u>7,044,290</u>	<u>6,412,773</u>
Net Assets at End of Year	<u><u>\$ 8,290,981</u></u>	<u><u>\$ 7,044,290</u></u>

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

AMERICAN INDIAN SERVICES
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 with Comparative Totals for 2020

	Program Services			Supporting Services		Totals	
	Scholarships	STEM Program	Tribal Projects	Management and General	Fundraising	2021	2020
Expenses:							
Salaries	\$ 129,897	\$ 433,262	\$ 38,452	\$ 219,257	\$ 177,829	\$ 998,697	\$ 569,383
Payroll taxes and benefits	18,936	63,159	5,606	31,961	25,923	145,585	70,616
Scholarships	3,235,486	-	-	-	-	3,235,486	2,062,261
Supplies	-	64,906	3,174	-	-	68,080	502,105
Office	1,304	12,932	386	12,421	1,785	28,828	12,841
Insurance	419	1,398	124	16,077	574	18,592	127,752
Communications	1,053	3,513	312	1,777	1,442	8,097	6,673
Occupancy	156	1,271	46	263	214	1,950	1,200
Professional fees	1,076	5,089	1,022	32,615	1,823	41,625	36,172
Postage	953	3,434	-	238	3,575	8,200	2,420
Travel	1,528	132,447	8,307	2,580	2,600	147,462	6,751
Promotion and awards	-	17,168	3,598	-	83,703	104,469	175,472
Depreciation	2,180	7,273	645	3,681	2,985	16,764	16,711
Total expenses	<u>\$ 3,392,988</u>	<u>\$ 745,852</u>	<u>\$ 61,672</u>	<u>\$ 320,870</u>	<u>\$ 302,453</u>	<u>\$ 4,823,835</u>	<u>\$ 3,590,357</u>

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

**AMERICAN INDIAN SERVICES
STATEMENT OF CASH FLOWS**

Year Ended December 31, 2021 with Comparative Totals for 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,246,691	\$ 631,517
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Noncash contribution of investments	(404,331)	(367,324)
Noncash employee benefit	21,926	-
Gain on sale of fixed assets	-	(676)
Investment gains	(1,369,574)	(560,445)
Gain on PPP loan forgiveness	(211,278)	-
Depreciation	16,764	16,711
Changes in operating assets and liabilities:		
Accounts receivable	(88,000)	-
Prepaid expenses	319	6,161
Accounts payable	8,116	(4,646)
Accrued expenses	88,674	5,792
Scholarships payable	770,916	(434,669)
Deferred revenue	-	(191,500)
Post-retirement obligation	(105,000)	-
Net cash used by operating activities	(24,777)	(899,079)
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	-	2,300
Purchases of fixed assets	(21,707)	(9,859)
Net sales of investments	420,404	1,094,980
Net cash provided by investing activities	398,697	1,087,421
Cash Flows from Financing Activities:		
Proceeds from PPP loan	104,255	211,278
Net Change in Cash	478,175	399,620
Cash at Beginning of Year	1,237,904	838,284
Cash at End of Year	\$ 1,716,079	\$ 1,237,904

Supplementary Data:

The Organization paid no interest or income taxes during the year ended December 31, 2021.

The Organization gave an employee a car with a net book value of \$21,926, this is recorded as an employee benefit expense.

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 7.

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, 2021, the Organization recognized a liability of \$1,557,652 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, 2020, from which the summarized information was derived.

AMERICAN INDIAN SERVICES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2021:

Financial assets at year end:	
Cash	\$ 1,716,079
Investments	8,294,989
Accounts receivable	<u>88,000</u>
Total financial assets	10,099,068
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(397,002)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 9,702,066</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, 2021:

		<u>Depreciable Lives (Years)</u>
Vehicles	\$ 98,886	5 to 10
Office equipment	63,913	5 to 10
Software	<u>16,370</u>	5
	179,169	
Accumulated depreciation	<u>(95,314)</u>	
Net fixed assets	<u><u>\$ 83,855</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:

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, 2021:

		<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	\$ 1,339,952	\$ 1,339,952	\$ -	\$ -
Mutual funds	<u>6,955,037</u>	<u>6,955,037</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,294,989</u>	<u>\$ 8,294,989</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 benefit of \$210,000 to specified beneficiaries. The outstanding balance was \$105,000 at December 31, 2021.

NOTE 6 – PPP LOAN

The Organization received loan proceeds of \$211,278 and \$104,255 under the Paycheck Protection Program (PPP) during 2020 and 2021, respectively. 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.

During 2021, the Organization was granted full forgiveness of the 2020 loan in the amount of \$211,278.

AMERICAN INDIAN SERVICES
NOTES TO THE FINANCIAL STATEMENTS

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 five years to retire the loan.

NOTE 7 – NET ASSETS

Net assets with donor restrictions had purpose restrictions as follows at December 31, 2021:

Scholarships	\$ 397,002
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Net assets released from donor restrictions were as follows:

Satisfaction of purpose restrictions:	
Scholarships	\$ 103,837
STEM program	63,904
	<u>167,741</u>
	<u>\$ 167,741</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

The Organization received cash donations totaling \$553,265 and noncash donations totaling \$17,150 from board members during the year ended December 31, 2021. The Organization made payments totaling \$30,000 to a board member to purchase items for donor gifts and the gala auction.

NOTE 9 – CONCENTRATIONS

At December 31, 2021, the Organization's carrying amount of cash was \$1,716,079 and the bank balance was \$1,638,554, of which \$293,686 was covered by federal depository insurance.

NOTE 10 – SUBSEQUENT EVENTS

On January 7, 2022, the Organization entered into a six-year lease agreement for the lease of office space. The lease is set to commence February 2022 with monthly payments of \$6,149 with a 3 percent annual rate increase.

The Organization has evaluated subsequent events through October 13, 2022, 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.