

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
American Indian Science and Engineering Society  
Albuquerque, New Mexico

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

We have audited the accompanying consolidated financial statements of American Indian Science and Engineering Society and Subsidiary (collectively referred to as AISES, a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Indian Science and Engineering Society as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information – Schedule of Expenditures of Federal Awards*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Board of Directors  
American Indian Science and Engineering Society

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2021, on our consideration of American Indian Science and Engineering Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of American Indian Science and Engineering Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Indian Science and Engineering Society's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
July 30, 2021

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
YEAR ENDED DECEMBER 31**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 570,268	\$ 475,812
Restricted Cash	64,354	62,876
Receivables:		
Trade and Other	353,616	570,670
Grants	332,960	264,858
Inventory	15,620	15,747
Prepaid Expenses	52,152	57,331
Total Current Assets	1,388,970	1,447,294
<b>NONCURRENT ASSETS</b>		
Investments	539,675	601,149
Property and Equipment, Net	6,500	6,500
Deposits	19,291	19,291
Total Noncurrent Assets	565,466	626,940
Total Assets	\$ 1,954,436	\$ 2,074,234
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 66,731	\$ 207,801
Accrued Payroll and Related Liabilities	88,054	68,251
Deferred Revenue	170,445	241,606
Conditional Grants	52,724	226,278
Line of Credit	150,000	-
Total Current Liabilities	527,954	743,936
<b>NONCURRENT LIABILITIES</b>		
Agency Liabilities	64,354	62,876
Loan Payable	150,000	-
Total Noncurrent Liabilities	214,354	62,876
Total Liabilities	742,308	806,812
<b>NET ASSETS</b>		
Without Donor Restrictions:		
AISES	(959,785)	(872,851)
Board Designated	58,617	65,297
Noncontrolling Interest in AISES Publishing, Inc.	1,155	1,510
Total Without Donor Restrictions	(900,014)	(806,044)
With Donor Restrictions:		
Perpetual in Nature	130,000	130,000
Subject to Appropriation	343,652	383,817
Purpose Restrictions	1,638,490	1,559,649
Total With Donor Restrictions	2,112,142	2,073,466
Total Net Assets	1,212,128	1,267,422
Total Liabilities and Net Assets	\$ 1,954,436	\$ 2,074,234

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
In-Kind	\$ 2,310,885	\$ -	\$ 2,310,885
Corporate	1,402,920	223,050	1,625,970
Grants - Federal	1,258,855	-	1,258,855
State and Other	689,894	-	689,894
Foundation	423,438	260,384	683,822
Advertising Income	467,054	-	467,054
Conference Registration	269,103	-	269,103
Individual	225,205	-	225,205
Other	142,627	-	142,627
Nonprofit/Tribes	128,250	-	128,250
Educational Institute	118,496	-	118,496
Membership Fees	83,193	-	83,193
Net Investment Income	(40,457)	(23,644)	(64,101)
Net Assets Released from Restrictions	421,114	(421,114)	-
Total Revenue, Support, and Gains	7,900,577	38,676	7,939,253
<b>EXPENSES AND LOSSES</b>			
Program Services Expense	7,090,235	-	7,090,235
Supporting Services Expense:			
Management and General	579,125	-	579,125
Fundraising	325,187	-	325,187
Total Supporting Services Expenses	904,312	-	904,312
Total Expenses	7,994,547	-	7,994,547
<b>CHANGE IN NET ASSETS</b>	(93,970)	38,676	(55,294)
Net Assets - Beginning of Year	(806,044)	2,073,466	1,267,422
<b>NET ASSETS - END OF YEAR</b>	\$ (900,014)	\$ 2,112,142	\$ 1,212,128

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
In-Kind	\$ 2,001,972	\$ -	\$ 2,001,972
Corporate	972,771	407,226	1,379,997
Grants - Federal	1,272,549	-	1,272,549
Foundation	876,739	11,467	888,206
Nonprofit/Tribes	316,881	226,561	543,442
Advertising Income	421,833	-	421,833
Conference Registration	343,094	-	343,094
State and Other	313,381	-	313,381
Educational Institute	136,458	-	136,458
Other	118,218	-	118,218
Membership Fees	102,528	-	102,528
Individual	89,317	-	89,317
Net Investment Income	6,402	77,118	83,520
Net Assets Released from Restrictions	161,696	(161,696)	-
Total Revenue, Support, and Gains	7,133,839	560,676	7,694,515
<b>EXPENSES AND LOSSES</b>			
Program Services Expense	6,837,082	-	6,837,082
Supporting Services Expense:			
Management and General	527,196	-	527,196
Fundraising	478,824	-	478,824
Total Supporting Services Expenses	1,006,020	-	1,006,020
Total Expenses	7,843,102	-	7,843,102
<b>CHANGE IN NET ASSETS</b>	(709,263)	560,676	(148,587)
Net Assets - Beginning of Year	(96,781)	1,612,790	1,516,009
Restatement (see Note 12)	-	(100,000)	(100,000)
Net Assets - Beginning of Year - As Restated	(96,781)	1,512,790	1,416,009
<b>NET ASSETS - END OF YEAR</b>	\$ (806,044)	\$ 2,073,466	\$ 1,267,422



**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

	Program Services						Program Services				Support Services			Total	
	Conference	Training and Development	Winds of Change	Internships	Scholarships	Education and Outreach	Pre-College Programs	Strategic Initiatives and Research	Energy Challenge	Other	Total Program Services	Management and General	Fundraising		Total Support Services
In-Kind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,155,443	\$ 1,155,443	\$ -	\$ -	\$ -	\$ 2,310,885	\$ -	\$ -	\$ -	\$ 2,310,885
Salaries	185,023	125,383	41,710	35,540	31,253	130,514	357,900	303,544	-	95,998	1,306,865	543,300	164,753	708,053	2,014,918
Professional Fees	225,675	8,700	91,742	-	250	7,485	142,105	166,549	97,900	16,161	756,566	65,181	54,205	119,387	875,953
Awards/Gifts and Scholarships	21,579	132	-	-	934,750	3,063	-	-	-	3,000	962,525	-	146	146	962,671
Participant Costs and Stipends	-	-	-	3,746	-	-	53,414	321,085	-	6,020	384,265	-	-	-	384,265
Material and Supplies	5,719	125	-	113	-	308	327,303	7,856	-	-	341,426	12,391	220	12,611	354,037
Employee Benefits	24,106	16,027	5,228	277	4,107	16,972	47,652	40,434	-	13,932	168,734	79,566	14,588	94,153	262,887
Payroll Taxes	17,376	12,823	3,925	3,057	2,484	12,477	29,953	25,029	-	7,296	114,420	28,399	11,210	39,609	154,028
Occupancy	-	-	-	-	-	-	-	-	-	-	-	151,903	-	151,903	151,903
Travel	49,183	769	-	450	-	4,293	8,516	12,812	-	6,143	82,167	7,036	11,209	18,246	100,412
Meeting Expense	2,617	120	-	-	-	15,258	16,837	5,607	-	55,932	96,371	3,213	945	4,157	100,528
Computer Service and Related	11,170	-	-	-	-	20,464	-	213	1,071	3	32,920	32,729	5,988	38,717	71,637
Printing and Copying	4,415	-	30,741	-	-	9,287	-	3,350	-	-	47,792	3,403	6,597	10,000	57,792
Bank Service Charges	25,737	-	-	-	392	6,032	-	-	995	99	33,256	19,747	1,372	21,119	54,374
Postage and Shipping	14,905	-	18,123	289	-	2,805	785	-	-	28	36,934	2,865	2,431	5,296	42,230
Telephone and Communications	938	1,475	-	-	-	450	72	833	-	-	3,768	27,794	570	28,364	32,132
Dues and Subscriptions	1,200	85	463	-	-	-	100	150	-	250	2,248	1,586	19,200	20,786	23,033
Convention Costs	19,298	-	-	-	-	-	-	-	-	3,127	22,425	-	-	-	22,425
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	9,090	-	9,090	9,090
Advertising	41	-	-	-	-	-	-	-	-	-	41	83	4,514	4,597	4,638
Bad Debt Expense	-	-	-	-	106	-	-	-	-	-	106	212	4,497	4,497	4,709
Indirect cost	-	18,448	30,961	-	5,437	25,079	146,573	137,282	-	22,636	386,416	(413,657)	27,241	(386,416)	-
<b>Total Expenses by Function</b>	<b>\$ 608,982</b>	<b>\$ 184,088</b>	<b>\$ 222,893</b>	<b>\$ 43,472</b>	<b>\$ 978,779</b>	<b>\$ 1,409,930</b>	<b>\$ 2,286,653</b>	<b>\$ 1,024,743</b>	<b>\$ 99,966</b>	<b>\$ 230,730</b>	<b>\$ 7,090,235</b>	<b>\$ 579,125</b>	<b>\$ 325,187</b>	<b>\$ 904,312</b>	<b>\$ 7,994,547</b>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019**

	Program Services						Program Services					Support Services			Total Support Services	Total
	Conference	Training and Development	Winds of Change	Internships	Scholarships	Education and Outreach	Pre-College Programs	College Programs	Strategic Initiatives and Research	Energy Challenge	Other	Total Program Services	Management and General	Fundraising		
In-Kind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,986	\$ 1,000,986	\$ -	\$ -	\$ -	\$ 2,001,972	\$ -	\$ -	\$ -	\$ 2,001,972
Salaries	203,501	137,403	33,743	29,720	-	88,417	213,723	91,160	245,183	-	122,651	1,165,501	289,309	170,117	459,426	1,624,927
Professional Fees	267,417	-	131,639	-	-	14,945	81,882	300	99,991	97,996	-	694,170	191,169	122,642	313,812	1,007,982
Participant Costs and Stipends	8,477	9,986	-	15,559	-	-	179,924	-	433,908	-	31,251	679,105	2,676	499	3,175	682,281
Awards/Gifts and Scholarships	25,366	-	-	1,250	567,088	-	-	-	-	-	57	593,760	138	932	1,070	594,830
Convention Costs	380,665	-	-	-	-	3,205	31,797	-	-	-	13,178	428,845	-	-	-	428,845
Travel	123,357	9,387	2,155	5,750	29,302	4,195	56,009	3,873	31,606	-	8,266	273,901	21,811	56,201	78,012	351,912
Material and Supplies	8,907	2,264	50	-	-	5,397	195,689	7	2,867	-	1,321	216,501	20,636	1,907	22,543	239,044
Employee Benefits	4,365	2,689	554	-	-	1,851	5,874	1,988	6,111	-	2,866	26,299	182,250	2,608	184,858	211,156
Occupancy	-	31	299	-	-	-	-	-	-	-	-	330	155,479	-	155,479	155,810
Payroll Taxes	16,916	11,597	2,701	2,820	-	7,906	18,725	7,238	20,212	-	7,327	95,444	20,493	13,876	34,369	129,813
Meeting Expense	17,587	8	-	-	-	-	8,883	250	18,583	-	35,899	81,209	9,247	1,307	10,554	91,763
Computer Service and Related	16,296	-	-	-	200	15,437	1,509	-	6,473	-	12,182	52,096	25,871	4,964	30,835	82,931
Printing and Copying	10,974	9	32,723	-	-	5,189	-	-	185	-	362	49,441	3,253	22,348	25,601	75,043
Bank Service Charges	753	-	-	-	-	-	-	-	-	1,593	50,431	52,777	14,974	-	14,974	67,751
Postage and Shipping	6,222	38	19,694	-	-	312	2,669	74	50	-	35	29,095	5,783	9,236	15,019	44,113
Telephone and Communications	75	1,683	120	-	-	975	374	667	853	-	450	5,197	19,353	956	20,309	25,506
Dues and Subscriptions	-	627	190	-	-	1,000	-	-	-	-	432	2,249	1,406	6,817	8,223	10,472
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	8,389	-	8,389	8,389
Advertising	387	-	463	-	-	2,710	-	666	-	-	-	4,226	613	957	1,570	5,797
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-	1,750	-	1,750	1,750
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	569	-	569	569
Contributions and Donations	-	-	-	-	-	-	-	-	-	-	-	-	447	-	447	447
Profit Sharing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indirect cost	-	26,606	43,502	1,675	-	23,458	119,612	16,385	106,177	-	47,549	384,965	(448,422)	63,456	(384,965)	-
<b>Total Expenses</b>	<b>\$ 1,091,265</b>	<b>\$ 202,329</b>	<b>\$ 267,833</b>	<b>\$ 56,775</b>	<b>\$ 596,590</b>	<b>\$ 174,996</b>	<b>\$ 1,917,655</b>	<b>\$ 1,123,594</b>	<b>\$ 972,200</b>	<b>\$ 99,589</b>	<b>\$ 334,255</b>	<b>\$ 6,837,082</b>	<b>\$ 527,196</b>	<b>\$ 478,824</b>	<b>\$ 1,006,020</b>	<b>\$ 7,843,102</b>
by Function																

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Support and Revenue Funding Source	\$ 7,905,998	\$ 7,522,479
Cash Paid to Employees and Suppliers	(8,110,508)	(7,666,202)
Net Cash Used by Operating Activities	(204,510)	(143,723)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Reinvested Net Investment Income	-	(102,790)
Change in Chapter Organization Cash	1,478	62,876
Net Cash Provided (Used) by Investing Activities	1,478	(39,914)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loan Payable	148,966	-
Net Borrowings on Line of Credit	150,000	-
Endowment Distribution	-	-
Net Cash Provided by Financing Activities	298,966	-
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	95,934	(183,637)
Cash and Cash Equivalents - Beginning of Year	538,688	722,325
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 634,622	\$ 538,688

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Founded in 1977, the American Indian Science and Engineering Society (AISES) is a national nonprofit organization focused on substantially increasing the representation of American Indians, Alaska Natives, Native Hawaiians, Pacific Islanders, First Nations, and other indigenous peoples of North America in science, technology, engineering, and math (STEM) studies and careers. AISES also publishes *Winds of Change*, a nationally distributed magazine with a focus on STEM educational and career advancement for Native people; (2) administers STEM related projects for Native Students; and (3) provides educational support services to Natives in STEM. In 1985, AISES created a majority-owned subsidiary called AISES Publishing, Inc. (API). API historically published *Winds of Change*, but the publishing program was absorbed by AISES during 2019. However, API still administers STEM related projects for Native Students and provides educational support services to Natives in STEM.

**Program Service Descriptions**

**Training and Development**

AISES utilizes a variety of programs to support STEM education and career training and development through financial, academic, professional, and cultural support to American Indians, Alaska Natives, Native Hawaiians, Pacific Islanders, First Nations, and other indigenous peoples of North America; and builds and leverages partnerships with Tribes, schools, nonprofits, corporations, foundations, and government agencies to support these programs.

**Education and Outreach**

AISES utilizes an array of communications strategies and resources to educate the general public, Tribes, schools, nonprofits, corporations, foundations, and government agencies about the need for increased STEM education and career opportunities for Native people. AISES also conducts outreach to Native people and Tribes to promote the importance of STEM.

**Pre-College Programs**

The focus of AISES's pre-college programs is to build awareness and increase retention in K-12 STEM by providing Native K-12 students, parents, and educators exposure and access to quality curriculum, programs, and opportunities to interest and engage them STEM.

**College Programs**

The focus of AISES's college programs is to increase access to and success in STEM higher education by providing financial and academic support and opportunities to Native college students to increase the numbers of successful Native STEM majors.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Program Service Descriptions (Continued)**

Strategic Initiatives and Research

The focus of AISES' strategic initiatives and research is to identify and leverage strategic partnerships and conduct research in STEM issues specific to Native people by identifying the challenges and successes in Native STEM education and workforce development through research, data collection, and partnerships with other key STEM stakeholders.

National Conference

The national conference is AISES's major event hosted every year for its constituents. The college and career fair held during the conference offers a unique forum for academic and professional recruitment of American Indians, Alaska Natives, Native Hawaiians, Pacific Islanders, First Nations, and other indigenous students and professionals. Approximately 2,300 people attend the conference annually.

Scholarships

AISES scholarships are awarded to undergraduate and graduate students, who are members of AISES, for leadership and academic achievement. AISES administers the following scholarships: ExxonMobil Geosciences Summer Fieldwork Scholarship, National Conference Travel Scholarships, Leadership Summit Travel Scholarships, A.T. Anderson Scholarship) Advancing Agricultural Science Opportunities for Native Americans, Burlington North Santa Fe (BNSF) Foundation Scholarship, Chevron Scholarship, Intel Growing The Legacy Scholarship Program, Naval Sea Systems Command (NAVSEA) Scholarship, Oracle Academy Scholarship, and VGT, an Aristocrat Company scholarship.

Internships

The AISES internship program is a summer program that provides qualified college students with internship opportunities to explore careers with corporations and federal agencies.

Winds of Change Magazine

AISES produces and distributes its quarterly magazine, *Winds of Change*, and the Annual College Guide.

Energy Challenge

AISES Publishing, Inc. administers the Energy Challenge project – a science fair for students to design projects focused on solving energy challenges in their communities.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Principles of Consolidation**

The consolidated financial statements include the accounts of AISES and its 89.9% owned subsidiary, API. All significant intercompany accounts and transactions have been eliminated. The consolidated financial statements do not include the financial activities of AISES' various self-directed professional chapter organizations. In the event chapter organizations were terminated, cash would revert to AISES. As such, the ending balance of cash and an agency liability have been recorded. Historically, no chapters have been terminated.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared using the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual method of accounting, revenues are recognized when earned rather than received, and expense are recognized when the related liability is incurred rather than when paid.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue With and Without Donor Restriction**

Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as Net Assets Released from Restrictions.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Net Assets With Donor Restrictions**

When AISES incurs an expense for which it may use either net assets with or without donor restriction, it uses net assets with restriction first.

**Contributions and Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to AISES, that is, in substance, unconditional. AISES follows Financial Accounting Services Board (FASB) Accounting Standards Codification (ASC) 958-605-25, *Revenue Recognition*. In accordance with the codification standard, contributions received are recorded as with or without donor restriction depending on the existence or nature of any donor restrictions. AISES considers conference sponsorship fees, conference exhibitor fees, and membership fees as contributions.

**Grant Receivables and Revenue**

Grant revenue is recognized when earned. The earnings process is considered complete when the authorized expenditure has been made. Earned amounts in excess of collections are classified as grant receivables.

**Conditional Grants**

Revenue from conditional grants is deferred and recognized in the period to which conditions are satisfied.

Conditional grants were \$52,274 and \$226,278 as of December 31, 2020 and 2019, respectively. AISES receives grants conditional upon the following: (1) federal grants received on a cost-reimbursement basis, and non-federal grants with a requirement to incur only qualifying expenses based on specific criteria and measurable barriers (specified level of service and outcomes).

**Trade Receivables**

Trade receivables represent receivables for conference sponsorships and advertising.

**Deferred Revenues**

Deferred revenues are comprised of conference sponsorship and exhibit fees paid in advance of an event, and advertising received in advance of date of publication.

**Revenue Recognition**

*Conference Registrations* – Conference registrations entitle customers to attend a conference. Registration fees are due in advance of a conference (deferred) and are recognized when the conference occurs (point in time).

*Advertising* - Advertising fees entitle customers to advertising in Winds of Change magazine (print and digital formats), monthly newsletters, and AISES' website. Advertising fees received in advance (deferred) of a publication are deferred and recognized when the publication is issued (over time).

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the consolidated statement of cash flows, AISES considers all restricted highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

**Investments**

Investments consist primarily of equities, and fixed income securities, and are stated at quoted fair market value in the consolidated statement of financial position. Net investment return (loss) is reported at fair value in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses. Net investment return (loss) is reported as increase/decrease to net assets with or without donor restriction per donor restrictions and management spending policy. External investment expenses related to investment activities were \$6,458 and \$7,373 in 2020 and 2019, respectively.

**Inventories**

Inventories consist mainly of blankets and apparel held as promotional items given away at the yearly National Conference. Purchased inventory is valued at the lower of cost or net realizable value (first-in, first-out). Contributed inventory is recorded at fair market value at the date of donation.

**Prepaid Expenses**

Prepaid expenses consist of rent and security deposit on the Albuquerque office location and the Longmont, Colorado office location, as well as insurance for employee benefits.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation of property and equipment is provided over the estimated useful lives (three to seven years) of the respective assets using the straight-line method. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The current policy is to capitalize acquisitions with a cost in excess of \$1,000.

**Donated Services and Materials**

Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America under Accounting for Contributions Received and Contributions made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with this skills, and would otherwise be purchased by AISES. Donated materials are reflected as contributions at their estimated values at the date of receipt.

**Advertising/Promotion**

Advertising/promotion costs are expensed as incurred. For the years ended December 31, 2020 and 2019, advertising expenses incurred totaled \$4,638 and \$5,797, respectively.



**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing AISES' various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted as indirect costs. Indirect costs are primarily made up of occupancy, salaries and wages, and professional fees, which were allocated using the following methodology: actual usage, square footage, time and effort, and percentage of direct costs.

**Income Taxes**

AISES is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private organization. AISES has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions. Management believes that all activities of AISES are within their tax-exempt purpose, and that there are no uncertain tax positions.

API is a for-profit corporation and is subject to state and federal income taxes. Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due. There are no material deferred tax assets or liabilities. Income tax expenses related to API are included in expenses in the accompanying consolidated financial statements.

AISES files their federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the state of New Mexico. The organization is not currently under audit, nor has the organization been contacted by any of these jurisdictions.

AISES recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses, when applicable. No provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2020 or 2019.

**Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**In-Kind Contributions**

Contributed goods and services are recorded at fair value at the date of donation. The value of goods received was \$2,310,885 and \$2,001,970 for the years ended December 31, 2020 and 2019, respectively. This amount consisted solely of two programmatic public service announcements (PSAs), aired by a national television broadcasting company. These PSAs are utilized to enhance pre-college and education and outreach programs.

**Fair Value Measurements and Disclosures**

AISES reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. All AISES investments are classified as Level 1 as described in Note 2.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 INVESTMENTS**

The following tables set forth by level, within the fair value hierarchy, AISES's assets at fair value as of December 31, 2020 and 2019:

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>December 31, 2020</u>				
Money Market	\$ 26,248	\$ -	\$ -	\$ 26,248
Fixed Income	320,606	-	-	320,606
Equities	192,821	-	-	192,821
Total	<u>\$ 539,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,675</u>
<u>December 31, 2019</u>				
Money Market	\$ 51,892	\$ -	\$ -	\$ 51,892
Fixed Income	273,344	-	-	273,344
Equities	275,913	-	-	275,913
Total	<u>\$ 601,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 601,149</u>

**NOTE 3 CASH AND CASH EQUIVALENTS**

AISES maintains its cash balances with local financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At times during fiscal year 2020, AISES had bank deposits in excess of FDIC insurance limits. However, management felt the risks related to these balances were within an acceptable range and have not experienced losses in any of these accounts to date.

AISES had the following amounts in cash and cash equivalents as of December 31:

	2020	2019
Checking - Operating	\$ 461,020	\$ 438,718
Restricted Cash	64,354	62,876
Checking - API	44,179	9,425
Multicurrency Account	33,303	-
Checking - Development and Membership	25,261	23,878
Savings	4,791	2,077
Checking - National Conference	1,189	1,189
Petty Cash	525	525
Total Cash and Cash Equivalents	<u>\$ 634,622</u>	<u>\$ 538,688</u>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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**NOTE 4 LIQUIDITY NOTE**

AISES has a goal to maintain financial assets, which consist of cash and net realizable value of receivables, to meet at a minimum of 60 days of normal operating expenses, which are, on average, approximately \$1,300,000. For purposes of analyzing resources available to meet general expenditures over a 12-month period, AISES considers all expenditures related to ongoing activities including governance, facilities, regulatory programs, member services, and publications. AISES includes in its consideration those expenditures covered by donor-restricted resources. As part of its liquidity management, excess cash will be invested in liquid income-producing instruments, to the extent that it is allowed by funding agencies.

	<u>2020</u>	<u>2019</u>
Current Financial Assets, December 31	\$ 1,321,198	\$ 1,374,216
Less: Board-Designated Cash	(58,617)	(65,297)
Less: Agency Cash	<u>(64,354)</u>	<u>(62,876)</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 1,198,227</u>	<u>\$ 1,246,043</u>

**NOTE 5 RECEIVABLES**

AISES performs a period review of accounts, grants, contributions, and bequests receivable to verify collectability. When trade receivables are deemed to be potentially uncollectible, they are charged off as bad debt expense, and an allowance for the doubtful accounts is established. When management determines that collection will not be pursued further, both the receivable and the corresponding allowance are removed from the books. As of December 31, 2020, there was no allowance for doubtful accounts.

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2020</u>			
	<u>Beginning</u>		<u>End</u>	
	<u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>of Year</u>
Art Collection	\$ 6,500	\$ -	\$ -	\$ 6,500
Leasehold Improvements	15,681	-	-	15,681
Intangible	30,471	-	-	30,471
Office	14,410	-	-	14,410
Furniture	17,934	-	-	17,934
Computer	146,621	-	-	146,621
Total	<u>231,617</u>	<u>-</u>	<u>-</u>	<u>231,617</u>
Less: Accumulated Depreciation	<u>(225,117)</u>	<u>-</u>	<u>-</u>	<u>(225,117)</u>
Property and Equipment, Net	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,500</u>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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**NOTE 6 PROPERTY AND EQUIPMENT (CONTINUED)**

	2019			
	Beginning of Year	Additions	Deletions	End of Year
Art Collection	\$ 6,500	\$ -	\$ -	\$ 6,500
Leasehold Improvements	15,681	-	-	15,681
Intangible	30,471	-	-	30,471
Office	14,410	-	-	14,410
Furniture	17,934	-	-	17,934
Computer	146,621	-	-	146,621
Total	<u>231,617</u>	<u>-</u>	<u>-</u>	<u>231,617</u>
Less: Accumulated Depreciation Property and Equipment, Net	<u>(224,548)</u>	<u>(569)</u>	<u>-</u>	<u>(225,117)</u>
	<u>\$ 7,069</u>	<u>\$ (569)</u>	<u>\$ -</u>	<u>\$ 6,500</u>

**NOTE 7 RETIREMENT PLAN**

AISES has established a simple IRA retirement plan (the Plan) covering all full-time employees. The Plan allows eligible employees to contribute up to \$10,000 of their annual salary. In addition, AISES will match 100% of each employee's contribution, up to a limit of 3% of each employee's compensation. All such matching contributions are immediately fully vested. AISES contributed \$37,880 and \$29,806 to the Plan during 2020 and 2019, respectively.

**NOTE 8 DEBT**

AISES debt obligations consist of the following:

2.75% loan payable in the amount of \$150,000, due in monthly installments of \$641, including interest, beginning on September 25, 2021 through September 25, 2050, secured by tangible property.

Prime Rate (3.25%) plus 2% promissory note of \$350,000 on a revolving line of credit, which matures on July 14, 2021, and is secured by underlying cash and investments held with the bank. The outstanding balance as of December 31, 2020 was \$150,000.

The future scheduled maturities of long-term debt are as follows:

<u>Year Ending December 31.</u>	<u>Amount</u>
2021	\$ 150,000
2022	977
2023	3,640
2024	3,741
2025	3,845
Thereafter	137,797
	<u>\$ 300,000</u>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods.

	2020	2019
Subject to Expenditure for Specified Purpose:		
Scholarships	\$ 944,821	\$ 914,395
SPRK-ing Interest in Computer Science	235,486	208,006
STEM College and Career Readiness Guide	220,404	-
Native Coders Course	70,778	77,707
ACES Summer Camp	67,129	85,640
Other	34,359	27,285
Advanced Placement Computer Science	34,159	127,319
Capacity Building	25,000	-
STEM and Business Cohort	6,354	119,297
Total	1,638,490	1,559,649
Subject to Appropriation:		
Endowment Funds	312,225	349,169
Endowment Earnings	31,427	34,648
Total	343,652	383,817
Not Subject to Appropriation:		
Endowment Funds	130,000	130,000
Total Net Assets with Donor Restrictions	\$ 2,112,142	\$ 2,073,466

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2020	2019
Satisfaction of Purpose Restrictions:		
STEM and Business Cohort	\$ 112,943	\$ -
SPRK-ing Interest in Computer Science	123,002	-
Advanced Placement Computer Science	93,160	-
Other	50,067	-
ACES Summer Camp	18,512	-
Endowment Withdrawals	16,501	19,349
Native Coders Course	6,929	-
Scholarships	-	104,550
Appropriated Endowment Earnings	-	37,797
Total	\$ 421,114	\$ 161,696

In 2013, \$585,000 of net assets with donor restrictions in perpetuity associated with one fund were released from restriction based on a legal opinion from AISES legal counsel that this fund was not with donor restriction, but rather board-designated. The board has elected to keep 10% of this fund or \$58,500 as board-designated going forward and earn income on the account.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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**NOTE 10 ENDOWMENTS**

AISES' endowment fund (the Endowment) consists of approximately five individual funds established by donors with donor restriction to provide annual funding for scholarship awards and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the board of directors.

**Return Objectives and Risk Parameters**

AISES has adopted investment and spending policies for endowment assets that attempt to provide moderate growth over time with the consistency of total portfolio returns of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results which provide for a long-term rate of return on assets that is at least 9%, which is greater than the anticipated rate of inflation as measured by the Consumer Price Index (CPI). The target rate of return for AISES has been based upon the assumption that future real returns will approximate the long-term rates or return experienced for each asset class in AISES' Investment Policy Statement. AISES recognizes the need to accept the inherent risk of various investments, including the diminution of principal during periodic market fluctuations. The finance committee will assess the portfolio as a whole in measuring risk, not discipline by discipline. Risk shall be measured and assessed in standard deviation – means of diversification and noncorrelation between asset classes.

**Strategies Employed for Achieving Objectives**

The board believes that AISES' risk and liquidity posture is, in large part, a function of asset class mix. The board has reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards of market behavior. In order to achieve the desired investment performance and meet the target return of AISES, it is important that AISES' assets are invested across all available asset classes to create a well-diversified portfolio. The board believes that including alternative assets such as real estate, private equity, and hedge funds is important to the long-term performance of the endowment funds, provided these asset classes are managed prudently.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

In 2012, AISES adopted a policy of appropriating bi-annual distributions, as approved by the board of directors, 5% of the prior three years' average end-of-fiscal-year balance. In establishing this policy, AISES considered the long-term expected return on its endowment. This is consistent with AISES' objective to maintain the purchasing power of the endowment assets held in perpetuity.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 10 ENDOWMENTS (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy  
(Continued)**

As of December 31, 2020 and 2019, AISES had the following endowment net asset composition by type of fund:

December 31, 2020	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 58,617	\$ -	\$ 58,617
Donor Restricted Endowment Funds:			
Donor-Restricted Gift Amount	-	442,225	442,225
Accumulated Investment Gains	-	31,427	31,427
Total Funds	<u>\$ 58,617</u>	<u>\$ 473,652</u>	<u>\$ 532,269</u>
December 31, 2019	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 65,297	\$ -	\$ 65,297
Donor Restricted Endowment Funds:			
Donor-Restricted Gift Amount	-	479,169	479,169
Accumulated Investment Gains	-	34,648	34,648
Total Funds	<u>\$ 65,297</u>	<u>\$ 513,817</u>	<u>\$ 579,114</u>

Changes in endowment net assets for the years ended December 31 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - December 31, 2018	\$ 62,278	\$ 493,845	\$ 556,123
Net Investment Return	3,019	77,118	80,137
Contributions	-	-	-
Withdrawals	-	(19,349)	(19,349)
Appropriated Earnings	-	(37,797)	(37,797)
Endowment Net Assets - December 31, 2019	<u>\$ 65,297</u>	<u>\$ 513,817</u>	<u>\$ 579,114</u>
Net Investment Return	(6,680)	(23,664)	(30,344)
Contributions	-	-	-
Withdrawals	-	(16,501)	(16,501)
Appropriated Earnings	-	-	-
Endowment Net Assets - December 31, 2020	<u>\$ 58,617</u>	<u>\$ 473,652</u>	<u>\$ 532,269</u>



**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Operating Leases**

AISES leases its office facilities in Albuquerque, New Mexico and Boulder, Colorado under two noncancelable operating leases. The Albuquerque office lease was extended through 2021, while the Boulder office lease was extended through 2022.

Furthermore, AISES leases a copier and related equipment on a noncancelable operating lease, which will expire in 2023.

Minimum future lease payments follow:

<u>Year Ending December 31,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2021	\$ 79,391	\$ 2,839	\$ 82,230
2022	33,959	2,129	36,088
2023	-	2,129	2,129
Total	<u>\$ 113,350</u>	<u>\$ 7,097</u>	<u>\$ 120,447</u>

**Legal Matters**

AISES, in the normal course of business, is subject to claims and litigations. Management believes there are no outstanding claims or assessments which would be subject to a material unfavorable outcome and not covered by insurance.

**NOTE 12 CHANGE IN ACCOUNTING PRINCIPLE**

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) transactions within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance. And (2) determining whether a contribution is conditional. These financial statements reflect the adoption of ASU 2018-08 beginning January 1, 2018. The implementation of this standard had the following impact on net assets previously reported:

	<u>Revenue Recognized Prior to ASU Being Implemented</u>	<u>Revenue Recognized After ASU is Implemented</u>	<u>Difference in Revenue Recognized</u>
Year Ended December 31, 2018	\$ 100,000	\$ -	\$ (100,000)

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)**

AISES received a two year grant in 2018 in the amount of \$325,000, of which \$100,000 was received. This amount was recorded as an unconditional contributions with donor restriction based on guidance available at the time. Under ASU 2018-08, it was determined the agreement was conditional, and no revenue should have been recognized, which resulted in a decrease to the opening balance of net assets with donor restriction as of January 1, 2019 in the amount of \$100,000.

Furthermore, in May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

AISES financial statements reflect the application of ASC 606 guidance beginning in 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the organization's reported historical revenue.

**NOTE 13 SUBSEQUENT EVENTS**

On January 27, 2021, AISES received a loan in the amount of \$416,930 under the Paycheck Protection Program (PPP) administered by the Small Business Administration. The PPP loan is unsecured and bears interest at 1%. Funds advanced under the program are subject to forgiveness, if certain criteria are met, with the remaining balance repayable within two years of disbursement. The PPP may be forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period (the twenty-four week period beginning on the loan origination date). In addition, employers must maintain specified employment and wage levels, and submit adequate documentation of such expenditures to qualify for loan forgiveness.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 526,089	\$ 44,179	\$ -	\$ 570,268
Restricted Cash	64,354	-	-	64,354
Receivables:				
Trade and Other	386,145	16,073	(48,602)	353,616
Grants	332,960	-	-	332,960
Inventory	15,620	-	-	15,620
Prepaid Expenses	52,153	-	-	52,152
Total Current Assets	<u>1,377,321</u>	<u>60,252</u>	<u>(48,602)</u>	<u>1,388,970</u>
<b>NONCURRENT ASSETS</b>				
Investments	549,953	-	(10,278)	539,675
Property and Equipment, Net	6,500	-	-	6,500
Deposits	19,291	-	-	19,291
Total Noncurrent Assets	<u>575,744</u>	<u>-</u>	<u>(10,278)</u>	<u>565,466</u>
Total Assets	<u>\$ 1,953,065</u>	<u>\$ 60,252</u>	<u>\$ (58,880)</u>	<u>\$ 1,954,436</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 66,513	\$ 48,820	\$ (48,602)	\$ 66,731
Accrued Payroll and Related Liabilities	88,054	-	-	88,054
Deferred Revenue	170,445	-	-	170,445
Conditional Grants	52,724	-	-	52,724
Line of Credit	150,000	-	-	150,000
Total Current Liabilities	<u>527,736</u>	<u>48,820</u>	<u>(48,602)</u>	<u>527,954</u>
<b>NONCURRENT LIABILITIES</b>				
Agency Liabilities	64,354	-	-	64,354
Loan Payable	150,000	-	-	150,000
Total Noncurrent Liabilities	<u>214,354</u>	<u>-</u>	<u>-</u>	<u>214,354</u>
Total Liabilities	<u>742,090</u>	<u>48,820</u>	<u>(48,602)</u>	<u>742,308</u>
<b>NET ASSETS</b>				
Without Donor Restrictions:				
AISES	(959,785)	-	-	(959,785)
Board-Designated	58,617	-	-	58,617
Noncontrolling Interest in AISES Publishing, Inc.	-	-	1,155	1,155
Total Without Donor Restrictions	<u>(901,168)</u>	<u>-</u>	<u>1,155</u>	<u>(900,014)</u>
With Donor Restrictions:				
Perpetual in Nature	130,000	-	-	130,000
Subject to Appropriation	343,652	-	-	343,652
Purpose Restrictions	1,638,490	-	-	1,638,490
Retained Earnings	-	11,432	(11,432)	-
Total With Donor Restrictions	<u>2,112,142</u>	<u>11,432</u>	<u>(11,432)</u>	<u>2,112,142</u>
Total Net Assets	<u>1,210,974</u>	<u>11,432</u>	<u>(10,278)</u>	<u>1,212,128</u>
Total Liabilities and Net Assets	<u>\$ 1,953,065</u>	<u>\$ 60,252</u>	<u>\$ (58,880)</u>	<u>\$ 1,954,436</u>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 466,387	\$ 9,425	\$ -	\$ 475,812
Restricted Cash	62,876	-	-	62,876
Receivables:				
Trade and Other	547,107	38,961	(15,398)	570,670
Grants	264,858	-	-	264,858
Inventory	15,747	-	-	15,747
Prepaid Expenses	57,331	-	-	57,331
Total Current Assets	<u>1,414,306</u>	<u>48,386</u>	<u>(15,398)</u>	<u>1,447,294</u>
<b>NONCURRENT ASSETS</b>				
Investments	614,589	-	(13,439)	601,149
Property and Equipment, Net	6,500	-	-	6,500
Deposits	19,291	-	-	19,291
Total Noncurrent Assets	<u>640,380</u>	<u>-</u>	<u>(13,439)</u>	<u>626,940</u>
Total Assets	<u>\$ 2,054,686</u>	<u>\$ 48,386</u>	<u>\$ (28,837)</u>	<u>\$ 2,074,234</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 205,533	\$ 17,666	\$ (15,398)	\$ 207,801
Accrued Payroll and Related Liabilities	68,251	-	-	68,251
Deferred Revenue	225,835	15,771	-	241,606
Conditional Grants	226,278	-	-	226,278
Total Current Liabilities	<u>725,897</u>	<u>33,437</u>	<u>(15,398)</u>	<u>743,936</u>
Noncurrent Liabilities:				
Agency Liabilities	62,876	-	-	62,876
Line of Credit	-	-	-	-
Total Liabilities	<u>788,773</u>	<u>33,437</u>	<u>(15,398)</u>	<u>806,812</u>
<b>NET ASSETS</b>				
Without Donor Restrictions:				
AISES	(872,851)	-	-	(872,851)
Board-Designated	65,297	-	-	65,297
Noncontrolling Interest in AISES Publishing, Inc.	-	-	1,510	1,510
Total Without Donor Restrictions	<u>(807,554)</u>	<u>-</u>	<u>1,510</u>	<u>(806,044)</u>
With Donor Restrictions:				
Perpetual in Nature	130,000	-	-	130,000
Subject to Appropriation	383,817	-	-	383,817
Purpose Restrictions	1,559,649	-	-	1,559,649
Retained Earnings	-	14,949	(14,949)	-
Total With Donor Restrictions	<u>2,073,466</u>	<u>14,949</u>	<u>(14,949)</u>	<u>2,073,466</u>
Total Net Assets	<u>1,265,912</u>	<u>14,949</u>	<u>(13,439)</u>	<u>1,267,422</u>
Total Liabilities and Net Assets	<u>\$ 2,054,686</u>	<u>\$ 48,386</u>	<u>\$ (28,837)</u>	<u>\$ 2,074,234</u>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
<b>REVENUE, SUPPORT, AND GAINS</b>				
In-Kind	\$ 2,310,885	\$ -	\$ -	\$ 2,310,885
Corporate	1,717,820	-	(91,850)	1,625,970
Grants - Federal	1,162,406	96,449	-	1,258,855
State and Other	689,894	-	-	689,894
Foundation	683,822	-	-	683,822
Advertising Income	467,054	-	-	467,054
Conference Registration	269,103	-	-	269,103
Individual	225,205	-	-	225,205
Other	142,627	-	-	142,627
Nonprofit/Tribes	128,250	-	-	128,250
Educational Institute	118,496	-	-	118,496
Membership Fees	83,193	-	-	83,193
Net Investment Income	(64,101)	-	-	(64,101)
Gain (Loss) on Investment in Subsidiary	(3,161)	-	3,161	-
Total Revenue, Support, and Gains	<u>7,931,493</u>	<u>96,449</u>	<u>(88,689)</u>	<u>7,939,253</u>
<b>EXPENSES AND LOSSES</b>				
Program Services Expense	7,082,119	99,966	(91,850)	7,090,235
Supporting Services Expense:				
Management and General	579,125	-	-	579,125
Fundraising and Development	325,187	-	-	325,187
Total Supporting Services Expense	<u>904,312</u>	<u>-</u>	<u>-</u>	<u>904,312</u>
Total Expenses and Losses	<u>7,986,431</u>	<u>99,966</u>	<u>(91,850)</u>	<u>7,994,547</u>
<b>CHANGE IN NET ASSETS</b>	(54,938)	(3,517)	3,161	(55,294)
Net Assets - Beginning of Year	<u>1,265,912</u>	<u>14,949</u>	<u>(13,439)</u>	<u>1,267,422</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,210,974</u>	<u>\$ 11,432</u>	<u>\$ (10,278)</u>	<u>\$ 1,212,128</u>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
<b>REVENUE, SUPPORT, AND GAINS</b>				
In-Kind	\$ 2,001,972	\$ -	\$ -	\$ 2,001,972
Corporate	1,546,847	-	(166,850)	1,379,997
Grants - Federal	1,176,106	96,443	-	1,272,549
Foundation	888,206	-	-	888,206
Nonprofit/Tribes	543,442	-	-	543,442
Advertising Income	421,833	-	-	421,833
Conference Registration	343,094	-	-	343,094
State and Other	313,381	-	-	313,381
Educational Institute	136,458	-	-	136,458
Other	118,218	-	-	118,218
Membership Fees	102,528	-	-	102,528
Individual	89,317	-	-	89,317
Investment Income	83,520	-	-	83,520
Gain (Loss) on Investment in Subsidiary	(69,230)	-	69,230	-
Total Revenue, Support, and Gains	<u>7,695,692</u>	<u>96,443</u>	<u>(97,620)</u>	<u>7,694,515</u>
<b>EXPENSES AND LOSSES</b>				
Program Services Expense	6,829,343	174,589	(166,850)	6,837,082
Supporting Services Expense:				
Management and General	527,196	-	-	527,196
Fundraising and Development	478,824	-	-	478,824
Total Supporting Services Expense	<u>1,006,020</u>	<u>-</u>	<u>-</u>	<u>1,006,020</u>
Total Expenses and Losses	<u>7,835,363</u>	<u>174,589</u>	<u>(166,850)</u>	<u>7,843,102</u>
<b>CHANGE IN NET ASSETS</b>	(139,671)	(78,146)	69,230	(148,587)
Net Assets - Beginning of Year	1,505,583	93,095	(82,669)	1,516,009
Restatement (see Note 12)	(100,000)	-	-	(100,000)
Net Assets - Beginning of Year - As Restated	<u>1,405,583</u>	<u>93,095</u>	<u>(82,669)</u>	<u>1,416,009</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,265,912</u>	<u>\$ 14,949</u>	<u>\$ (13,439)</u>	<u>\$ 1,267,422</u>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services								
	Conference	Training and Development	Winds of Change Magazine	Internships	Scholarships	Education and Outreach	Pre-College Programs	Strategic Initiatives and Research	Energy Challenge
In-Kind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,155,443	\$ 1,155,443	\$ -	\$ -
Salaries	185,023	125,383	41,710	35,540	31,253	130,514	357,900	303,544	-
Professional Fees	225,675	8,700	183,592	-	250	7,485	142,105	166,549	97,900
Awards/Gifts and Scholarships	21,579	132	-	-	934,750	3,063	-	-	-
Participant Costs and Stipends	-	-	-	3,746	-	-	53,414	321,085	-
Material and Supplies	5,719	125	-	113	-	308	327,303	7,856	-
Employee Benefits	24,106	16,027	5,228	277	4,107	16,972	47,652	40,434	-
Payroll Taxes	17,376	12,823	3,925	3,057	2,484	12,477	29,953	25,029	-
Occupancy	-	-	-	-	-	-	-	-	-
Travel	49,183	769	-	450	-	4,293	8,516	12,812	-
Meeting Expense	2,617	120	-	-	-	15,258	16,837	5,607	-
Computer Service and Related	11,170	-	-	-	-	20,464	-	213	1,071
Printing and Copying	4,415	-	30,741	-	-	9,287	-	3,350	-
Bank Service Charges	25,737	-	-	-	392	6,032	-	-	995
Postage and Shipping	14,905	-	18,123	289	-	2,805	785	-	-
Telephone and Communications	938	1,475	-	-	-	450	72	833	-
Dues and Subscriptions	1,200	85	463	-	-	-	100	150	-
Convention Costs	19,298	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-
Advertising	41	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	106	-	-	-	-
Indirect cost	-	18,448	30,961	-	5,437	25,079	146,573	137,282	-
<b>Total Expenses by Function</b>	<b>\$ 608,982</b>	<b>\$ 184,088</b>	<b>\$ 314,743</b>	<b>\$ 43,472</b>	<b>\$ 978,779</b>	<b>\$ 1,409,930</b>	<b>\$ 2,286,653</b>	<b>\$ 1,024,743</b>	<b>\$ 99,966</b>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Support Services						Total
	Other	Total Program Services	Management and General	Fundraising	Total Support Services	Eliminations	
Advertising	\$ -	\$ 2,310,885	\$ -	\$ -	\$ -	\$ -	\$ 2,310,885
Salaries	95,998	1,306,865	543,300	164,753	708,053	(91,850)	1,923,068
Professional Fees	16,161	848,416	65,181	54,205	119,387	-	967,803
Awards/Gifts and Scholarships	3,000	962,525	-	146	146	-	962,671
Participant Costs and Stipends	6,020	384,265	-	-	-	-	384,265
Material and Supplies	-	341,426	12,391	220	12,611	-	354,037
Employee Benefits	13,932	168,734	79,566	14,588	94,153	-	262,887
Payroll Taxes	7,296	114,420	28,399	11,210	39,609	-	154,028
Occupancy	-	-	151,903	-	151,903	-	151,903
Travel	6,143	82,167	7,036	11,209	18,246	-	100,412
Meeting Expense	55,932	96,371	3,213	945	4,157	-	100,528
Computer Service and Related	3	32,920	32,729	5,988	38,717	-	71,637
Printing and Copying	-	47,792	3,403	6,597	10,000	-	57,792
Bank Service Charges	99	33,256	19,747	1,372	21,119	-	54,374
Postage and Shipping	28	36,934	2,865	2,431	5,296	-	42,230
Telephone and Communications	-	3,768	27,794	570	28,364	-	32,132
Dues and Subscriptions	250	2,248	1,586	19,200	20,786	-	23,033
Convention Costs	3,127	22,425	-	-	-	-	22,425
Interest Expense	-	-	9,090	-	9,090	-	9,090
Advertising	-	41	83	4,514	4,597	-	4,638
Bad Debt Expense	106	212	4,497	-	4,497	-	4,709
Indirect cost	22,636	386,416	(413,657)	27,241	(386,416)	-	-
<b>Total Expenses by Function</b>	<b>\$ 230,730</b>	<b>\$ 7,182,085</b>	<b>\$ 579,125</b>	<b>\$ 325,187</b>	<b>\$ 904,312</b>	<b>\$ (91,850)</b>	<b>\$ 7,994,547</b>



**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services								
	Conference	Training and Development	Winds of Change Magazine	Internships	Scholarships	Education and Outreach	Pre-College Programs	College Programs	Strategic Initiatives and Research
In-Kind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,986	\$ 1,000,986	\$ -
Salaries	203,501	137,403	33,743	29,720	-	88,417	213,723	91,160	245,183
Professional Fees	267,417	-	223,489	-	-	14,945	81,882	300	99,991
Participant Costs and Stipends	8,477	9,986	-	15,559	-	-	179,924	-	433,908
Awards/Gifts and Scholarships	25,366	-	-	1,250	567,088	-	-	-	-
Convention Costs	380,665	-	-	-	-	3,205	31,797	-	-
Travel	123,357	9,387	2,155	5,750	29,302	4,195	56,009	3,873	31,606
Material and Supplies	8,907	2,264	50	-	-	5,397	195,689	7	2,867
Employee Benefits	4,365	2,689	554	-	-	1,851	5,874	1,988	6,111
Occupancy	-	31	299	-	-	-	-	-	-
Payroll Taxes	16,916	11,597	2,701	2,820	-	7,906	18,725	7,238	20,212
Meeting Expense	17,587	8	-	-	-	-	8,883	250	18,583
Computer Service and Related	16,296	-	-	-	200	15,437	1,509	-	6,473
Printing and Copying	10,974	9	32,723	-	-	5,189	-	-	185
Bank Service Charges	753	-	-	-	-	-	-	-	-
Postage and Shipping	6,222	38	19,694	-	-	312	2,669	74	50
Telephone and Communications	75	1,683	120	-	-	975	374	667	853
Dues and Subscriptions	-	627	190	-	-	1,000	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-
Advertising	387	-	463	-	-	2,710	-	666	-
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Contributions and Donations	-	-	-	-	-	-	-	-	-
Profit Sharing	-	-	-	-	-	-	-	-	-
Indirect cost	-	26,606	43,502	1,675	-	23,458	119,612	16,385	106,177
<b>Total Expenses by Function</b>	<b>\$ 1,091,265</b>	<b>\$ 202,329</b>	<b>\$ 359,683</b>	<b>\$ 56,775</b>	<b>\$ 596,590</b>	<b>\$ 174,996</b>	<b>\$ 1,917,655</b>	<b>\$ 1,123,594</b>	<b>\$ 972,200</b>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2019**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services			Support Services			Eliminations	Total
	Energy Challenge	Other	Total Program Services	Management and General	Fundraising	Total Support Services		
In-Kind	\$ -	\$ -	\$ 2,001,972	\$ -	\$ -	\$ -	\$ -	\$ 2,001,972
Salaries	-	122,651	1,165,501	289,309	170,117	459,426	(91,850)	1,533,077
Professional Fees	97,996	-	786,020	191,169	122,642	313,812	-	1,099,832
Participant Costs and Stipends	-	31,251	679,105	2,676	499	3,175	-	682,281
Awards/Gifts and Scholarships	-	57	593,760	138	932	1,070	-	594,830
Convention Costs	-	13,178	428,845	-	-	-	-	428,845
Travel	-	8,266	273,901	21,811	56,201	78,012	-	351,912
Material and Supplies	-	1,321	216,501	20,636	1,907	22,543	-	239,044
Employee Benefits	-	2,866	26,299	182,250	2,608	184,858	-	211,156
Occupancy	-	-	330	155,479	-	155,479	-	155,810
Payroll Taxes	-	7,327	95,444	20,493	13,876	34,369	-	129,813
Meeting Expense	-	35,899	81,209	9,247	1,307	10,554	-	91,763
Computer Service and Related	-	12,182	52,096	25,871	4,964	30,835	-	82,931
Printing and Copying	-	362	49,441	3,253	22,348	25,601	-	75,043
Bank Service Charges	1,593	50,431	52,777	14,974	-	14,974	-	67,751
Postage and Shipping	-	35	29,095	5,783	9,236	15,019	-	44,113
Telephone and Communications	-	450	5,197	19,353	956	20,309	-	25,506
Dues and Subscriptions	-	432	2,249	1,406	6,817	8,223	-	10,472
Interest Expense	-	-	-	8,389	-	8,389	-	8,389
Advertising	-	-	4,226	613	957	1,570	-	5,797
Bad Debt Expense	-	-	-	1,750	-	1,750	-	1,750
Depreciation	-	-	-	569	-	569	-	569
Contributions and Donations	-	-	-	447	-	447	-	447
Profit Sharing	75,000	-	75,000	-	-	-	(75,000)	-
Indirect cost	-	47,549	384,965	(448,422)	63,456	(384,965)	-	-
<b>Total Expenses by Function</b>	<b>\$ 174,589</b>	<b>\$ 334,255</b>	<b>\$ 7,003,932</b>	<b>\$ 527,196</b>	<b>\$ 478,824</b>	<b>\$ 1,006,020</b>	<b>\$ (166,850)</b>	<b>\$ 7,843,102</b>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. National Science Foundation</b>				
Research and Development Cluster				
Engineering Grants	47.041		\$ -	\$ 24,386
Computer and Information Science and Engineering	47.070		-	49,563
Biological Sciences	47.074		-	207,377
TERC, Inc.—Education and Human Services	47.076	2000619	-	7,354
Total Research and Development Cluster			-	<u>288,680</u>
Total U.S. National Science Foundation			-	288,680
<b>Department of Agriculture</b>				
USDA Forest Products Laboratory Interns	10.699		-	<u>7,878</u>
Total Department of Agriculture			-	7,878
<b>Department of Education</b>				
Indian Education - Special Programs for Indian Children	84.299		-	<u>616,188</u>
Total Department of Education			-	616,188
<b>U.S. Department of Energy</b>				
Bonneville Power Administration--BPA Interns	81.U01		-	10,630
Minority Economic Impact	81.137		-	<u>7,540</u>
Total U.S. Department of Energy			-	18,170
<b>U.S. Department of Health and Human Services</b>				
Demonstration Projects for Indian Health	93.933		-	<u>231,490</u>
Total U.S. Department of Health and Human Services			-	231,490
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 1,162,406</u>
Reconciliation of Federal Awards:				
Federal Grants per Statement of Activities			\$	1,258,855
Less: Federal Grant Received in Vendor Relationship				<u>(96,449)</u>
Total Federal Expenditures per SEFA			\$	<u><u>1,162,406</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2020**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of AISES and is presented on the accrual basis of accounting, which is the same basis used to prepare the consolidated financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**NOTE 2 10% DE MINIMUS INDIRECT COST RATE**

AISES did not elect to use the 10% indirect cost rate.

**NOTE 3 LOANS**

AISES did not expend federal awards related to loans or loan guarantees during the year. In addition, the Organization did not have a loan balance outstanding.

**NOTE 4 FEDERAL FUNDED INSURANCE**

The Organization has no federally funded insurance.



**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
American Indian Science and Engineering Society  
Albuquerque, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of American Indian Science and Engineering Society, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered American Indian Science and Engineering Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Indian Science and Engineering Society's internal control. Accordingly, we do not express an opinion on the effectiveness of American Indian Science and Engineering Society's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether American Indian Science and Engineering Society's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **American Indian Science and Engineering Society's Response to Findings**

American Indian Science and Engineering Society's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. American Indian Science and Engineering Society's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
July 30, 2021



## REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
American Indian Science and Engineering Society  
Santa Fe, New Mexico

### **Report on Compliance for Each Major Federal Program**

We have audited American Indian Science and Engineering Society's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of American Indian Science and Engineering Society's major federal programs for the year ended December 31, 2020. American Indian Science and Engineering Society's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of American Indian Science and Engineering Society's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about American Indian Science and Engineering Society's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of American Indian Science and Engineering Society's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, American Indian Science and Engineering Society complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

American Indian Science and Engineering Society's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. American Indian Science and Engineering Society's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of American Indian Science and Engineering Society is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered American Indian Science and Engineering Society's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of American Indian Science and Engineering Society's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
July 30, 2021



**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?   x   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)   x   yes      \_\_\_\_\_ no

**Identification of Major Federal Programs**

**CFDA Number(s)**

**Name of Federal Program or Cluster**

47.041, 47.070, 47.074, 47.076

Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$   750,000  

Auditee qualified as low-risk auditee pursuant to Uniform Guidance

  x   yes      \_\_\_\_\_ no

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2020–001 – Control Deficiency – Activities Allowed or Unallowed and Allowable Costs/Cost Principles**

Federal agency: National Science Foundation

Federal program title: Research and Development (R&D) Cluster

CFDA Number: 47.070

Award Period: June 15, 2019 – July 31, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance; Compliance

**Criteria or specific requirement:** According to §200.430 Compensation-personal services of 2 CFR Part 200, budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

**Condition:** Payroll charges to federal awards did not agree to approved documentation of time and effort.

**Questioned costs:** \$82.72

**Context:** During our payroll disbursement testing, 1 of 9 payroll periods tested did not agree to approved documentation of time and effort for selected employees. Payroll allocations for the period in question were sent to third-party payroll provider for processing, but were not updated by the provider, and were not verified by AISES staff after the payroll run.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**2020-001 – Control Deficiency – Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)**

**Cause:** AISES has a formal process for reconciling payroll allocations provided to the third-party payroll provider and general ledger on a regular basis, but the employee responsible for this payroll period failed to perform the reconciliation.

**Effect:** Payroll allocations did not agree to underlying time and effort.

**Repeat Finding:** No

**Recommendation:** CLA recommends management implement a formal review and approval process over this reconciliation prior to drawdown.

**Views of responsible officials:** AISES has a process after each payroll to reconcile allocation percentages against timesheets for the respective payroll period and verified this was the only payroll period where allocations were incorrect. The individual responsible for reconciling the payroll period in question is no longer with the organization.

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** In addition to the existing process for reconciling payroll allocations, each payroll packet will be accompanied by a cover sheet with AISES staff member name and signature confirming the allocations provided to third-party payroll provider match the respective timesheets for review and approval prior to drawdown.

**Responsible party:** Chief Executive Officer and Chief Financial Officer

**Planned completion date for corrective action plan:** August 31, 2021

**Plan to monitor completion of corrective action plan:** AISES' Finance Committee will monitor the completion of the corrective action plan.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2020**

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**Finding Reference**

*2019-001 – Cash Management and Allowable Costs/Cost Principles – Resolved*

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