

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020



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**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION	24
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	26
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES	28
COMPLIANCE SECTION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	32
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	33
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 <i>GOVERNMENT AUDITING STANDARDS</i>	34
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	36
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	39
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	44



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Indian Science and Engineering Society and Subsidiary (collectively referred to as AISES, a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AISES, as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AISES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 AISES's 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 AISES's 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2022, on our consideration of AISES'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 AISES'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 AISES's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
August 23, 2022

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,098,451	\$ 570,268
Restricted Cash	56,728	64,354
Receivables:		
Trade and Other	927,540	353,616
Grants	568,074	332,960
Inventory	13,502	15,620
Prepaid Expenses	54,778	52,153
Total Current Assets	3,719,073	1,388,971
NONCURRENT ASSETS		
Investments	572,854	539,674
Property and Equipment, Net	6,500	6,500
Deposits	22,164	19,291
Total Noncurrent Assets	601,518	565,465
Total Assets	\$ 4,320,591	\$ 1,954,436
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 256,924	\$ 66,731
Accrued Payroll and Related Liabilities	96,455	88,054
Deferred Revenue	527,003	170,445
Conditional Grants	7,136	52,724
Line of Credit	-	150,000
Total Current Liabilities	887,518	527,954
NONCURRENT LIABILITIES		
Agency Liabilities	56,728	64,354
Loan Payable	153,312	150,000
Total Noncurrent Liabilities	210,040	214,354
Total Liabilities	1,097,558	742,308
NET ASSETS		
Without Donor Restrictions:		
AISES	459,056	(959,785)
Board-Designated	59,698	58,617
Noncontrolling Interest in AISES Publishing, Inc.	1,199	1,155
Total Without Donor Restrictions	519,953	(900,014)
With Donor Restrictions:		
Perpetual in Nature	130,000	130,000
Subject to Appropriation	348,214	343,652
Purpose Restrictions	2,224,866	1,638,490
Total With Donor Restrictions	2,703,080	2,112,142
Total Net Assets	3,223,033	1,212,128
Total Liabilities and Net Assets	\$ 4,320,591	\$ 1,954,436

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
In-Kind	\$ 2,001,586	\$ -	\$ 2,001,586
Corporate	1,236,211	603,771	1,839,982
Grants - Federal	1,435,278	-	1,435,278
State and Other	777,472	-	777,472
Foundation	2,446,278	307,012	2,753,290
Advertising Income	570,753	-	570,753
Conference Registration	253,641	-	253,641
Individual	287,412	-	287,412
Other	130,923	-	130,923
Nonprofit/Tribes	305,867	94,152	400,019
Educational Institute	175,877	-	175,877
Membership Fees	108,020	-	108,020
Net Investment Income	19,997	21,203	41,200
Net Assets Released from Restrictions	435,200	(435,200)	-
Total Revenue, Support, and Gains	<u>10,184,515</u>	<u>590,938</u>	<u>10,775,453</u>
EXPENSES AND LOSSES			
Program Services Expense	7,230,531	-	7,230,531
Supporting Services Expense:			
Management and General	1,027,416	-	1,027,416
Fundraising	506,601	-	506,601
Total Supporting Services Expenses	<u>1,534,017</u>	<u>-</u>	<u>1,534,017</u>
Total Expenses	<u>8,764,548</u>	<u>-</u>	<u>8,764,548</u>
CHANGE IN NET ASSETS	1,419,967	590,938	2,010,905
Net Assets - Beginning of Year	<u>(900,014)</u>	<u>2,112,142</u>	<u>1,212,128</u>
NET ASSETS - END OF YEAR	<u>\$ 519,953</u>	<u>\$ 2,703,080</u>	<u>\$ 3,223,033</u>

See accompanying Notes to Consolidated Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
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
Nonprofit/Tribes	467,054		467,054
Advertising Income	269,103	-	269,103
Conference Registration	225,205	-	225,205
Educational Institute	142,627	-	142,627
Other	128,250	-	128,250
Membership Fees	118,496	-	118,496
Individual	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
EXPENSES AND LOSSES			
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
CHANGE IN NET ASSETS	(93,970)	38,676	(55,294)
Net Assets - Beginning of Year	(806,044)	2,073,466	1,267,422
NET ASSETS - END OF YEAR	\$ (900,014)	\$ 2,112,142	\$ 1,212,128

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	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	
Salaries	\$ 169,972	\$ 184,957	\$ 34,948	\$ 48,875	\$ 118,553	\$ 163,741	\$ 247,939	\$ 324,240	\$ -	\$ 20,000	\$ 1,313,225	\$ 774,851	\$ 214,934	\$ 989,785	\$ 2,303,010
In-Kind	-	-	-	-	-	994,793	994,793	12,000	-	-	2,001,586	-	-	-	2,001,586
Professional Fees	269,629	1,875	133,186	-	250	6,947	114,849	242,560	47,425	-	816,721	176,545	111,525	288,070	1,104,791
Awards/Gifts and Scholarships	29,350	9,675	1,650	-	898,700	2,566	-	-	-	-	941,941	510	506	1,016	942,957
Convention Costs	406,404	-	-	-	-	-	-	-	-	-	406,404	-	-	-	406,404
Material and Supplies	5,132	1,968	-	532	3,402	2,903	355,668	3,488	-	-	373,093	24,780	319	25,099	398,192
Participant Costs and Stipends	-	64	-	14,698	87,475	-	120,610	119,542	-	12,397	354,786	-	-	-	354,786
Employee Benefits	23,867	21,658	3,765	1,236	13,291	22,393	26,643	34,324	-	-	147,177	108,899	24,108	133,007	280,184
Travel	63,496	21,742	3,240	3,793	4,726	5,029	20,162	5,811	-	-	127,999	45,515	29,150	74,665	202,664
Payroll Taxes	13,203	14,113	2,637	4,136	9,512	12,549	20,246	25,150	-	1,672	103,218	61,090	16,939	78,029	181,247
Occupancy	-	-	-	-	-	-	-	-	-	-	-	136,512	-	136,512	136,512
Computer Service and Related	34,483	-	-	-	-	33,720	-	750	-	-	68,953	31,416	7,124	38,540	107,493
Bank Service Charges	33,789	118	4,511	-	550	1,600	-	-	332	89	40,989	22,818	4,539	27,357	68,346
Meeting Expense	14,289	25,768	-	-	3,447	-	9,230	6,614	-	-	59,348	4,497	1,029	5,526	64,874
Printing and Copying	16,111	-	33,039	-	2,804	9,199	-	79	-	-	61,232	811	-	811	62,043
Postage and Shipping	7,828	26	23,330	-	-	789	485	19	-	-	32,477	3,099	4,843	7,942	40,419
Telephone and Communications	1,072	1,220	-	-	-	839	1,103	1,295	-	-	5,529	22,413	3,624	26,037	31,566
Dues and Subscriptions	-	1,596	569	-	-	480	-	-	30	-	2,675	3,042	21,008	24,050	26,725
Advertising	629	50	150	-	-	5,325	-	-	-	-	6,154	6,739	6,924	13,663	19,817
Office Expense	-	-	-	-	-	-	-	-	-	-	-	15,896	-	15,896	15,896
Interest Expense	702	-	-	-	-	-	-	-	-	-	702	9,334	-	9,334	10,036
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	5,000	-	5,000	5,000
Indirect cost	-	37,941	38,566	10,109	53,110	35,451	121,470	66,763	-	2,912	366,322	(426,351)	60,029	(366,322)	-
Total Expenses by Function	\$ 1,089,956	\$ 322,771	\$ 279,591	\$ 83,379	\$ 1,195,820	\$ 1,298,324	\$ 2,033,198	\$ 842,635	\$ 47,787	\$ 37,070	\$ 7,230,531	\$ 1,027,416	\$ 506,601	\$ 1,534,017	\$ 8,764,548

See accompanying Notes to Consolidated Financial Statements.

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

	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	Strategic Initiatives and Research	Energy Challenge	Other	Total Program Services	Management and General	Fundraising		
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)	-
Total Expenses by Function	\$ 608,982	\$ 184,088	\$ 222,893	\$ 43,472	\$ 978,779	\$ 1,409,930	\$ 2,286,653	\$ 99,966	\$ 99,966	\$ 230,730	\$ 7,090,235	\$ 579,125	\$ 325,187	\$ 904,312	\$ 7,994,547

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Support and Revenue Funding Source	\$ 10,184,476	\$ 7,905,998
Cash Paid to Employees and Suppliers	(8,566,461)	(8,110,508)
Net Cash Provided (Used) by Operating Activities	1,618,015	(204,510)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested Net Investment Income	43,528	-
Change in Chapter Organization Cash	(7,626)	1,478
Net Cash Provided by Investing Activities	35,902	1,478
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Loan Payable	-	148,966
Net Borrowings on Line of Credit	-	150,000
Repayments on Line of Credit	(150,000)	-
Endowment Distribution	16,640	-
Net Cash Provided (Used) by Financing Activities	(133,360)	298,966
 NET CHANGE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS	1,520,557	95,934
Cash and Cash Equivalents - Beginning of Year	634,622	538,688
 CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - END OF YEAR	\$ 2,155,179	\$ 634,622

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 AND 2020**

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 scholarship programs and named scholarships from the following partners: ExxonMobil Geosciences Summer Fieldwork Scholarship, National Conference Travel Scholarships, Leadership Summit Travel Scholarships, A.T.A (Anderson Scholarship) Advancing Agricultural Science Opportunities for Native Americans. Named Scholarships from Burlington North Santa Fe (BNSF) Foundation, Google, Intel Foundation, NextEra Energy Foundation, Chevron Texaco, 3M, Boeing, and VGT, an Aristocrat Company.

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, 2021 AND 2020**

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 \$7,136 and \$52,724 as of December 31, 2021 and 2020, 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 \$4,919 and \$6,458 in 2021 and 2020, 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. Items not depreciated (primarily the Art Collection) will be carried at cost indefinitely, or until disposal. 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 \$2,500.

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, 2021 and 2020, advertising expenses incurred totaled \$19,817 and \$4,638, respectively.

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 or 2020.

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
DECEMBER 31, 2021 AND 2020**

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 \$2,001,586 and \$2,310,885 for the years ended December 31, 2021 and 2020, 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
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020:

	<u>Fair Value Measurements at Report Date Using</u>			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, 2021</u>				
Money Market	\$ 15,766	\$ -	\$ -	\$ 15,766
Fixed Income	323,445	-	-	323,445
Equities	5,468	-	-	5,468
Mutual Funds	228,175	-	-	228,175
Total	<u>\$ 572,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572,854</u>
<u>December 31, 2020</u>				
Money Market	\$ 26,247	\$ -	\$ -	\$ 26,247
Fixed Income	320,606	-	-	320,606
Equities	192,821	-	-	192,821
Total	<u>\$ 539,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,674</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 2021, 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:

	<u>2021</u>	<u>2020</u>
Checking - Operating	\$ 1,253,835	\$ 461,020
Restricted Cash	56,728	64,354
Checking - API	37,512	44,179
Multicurrency Account	36,149	33,303
Checking - Development and Membership	517,635	25,261
Savings	252,795	4,791
Checking - National Conference	-	1,189
Petty Cash	525	525
Total Cash and Cash Equivalents	<u>\$ 2,155,179</u>	<u>\$ 634,622</u>

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 \$1,440,000. 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.

	2021	2020
Current Financial Assets, December 31	\$ 3,650,793	\$ 1,321,198
Less: Board-Designated Cash	(59,698)	(58,617)
Less: Agency Cash	(56,728)	(64,354)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	\$ 3,534,367	\$ 1,198,227

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, 2021, there was no allowance for doubtful accounts.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2021			End of Year
	Beginning of Year	Additions	Deletions	
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	231,617	-	-	231,617
Less: Accumulated Depreciation	(225,117)	-	-	(225,117)
Property and Equipment, Net	\$ 6,500	\$ -	\$ -	\$ 6,500

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 PROPERTY AND EQUIPMENT (CONTINUED)

	2020			
	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	231,617	-	-	231,617
Less: Accumulated Depreciation	(225,117)	-	-	(225,117)
Property and Equipment, Net	\$ 6,500	\$ -	\$ -	\$ 6,500

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 \$42,887 and \$37,880 to the Plan during 2021 and 2020, respectively.

NOTE 8 DEBT

AISES debt obligations consist of the following:

2.75% loan payable in the principal amount of \$150,000 and including \$3,312 of accrued interest, 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, 2022, and is secured by underlying cash and investments held with the bank. The outstanding balance as of December 31, 2021 was \$-0-.

The future scheduled maturities of long-term debt and related interests payments are as follows:

Year Ending December 31,	Amount
2022	\$ -
2023	977
2024	3,640
2025	3,741
2026	3,845
Thereafter	141,109
Total	\$ 153,312

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Scholarships	\$ 1,198,675	\$ 944,821
SPRK-ing Interest in Computer Science	266,983	235,486
STEM College and Career Readiness Guide	155,713	220,404
Native Financial Cents	118,449	-
Other	116,570	34,359
Energy Challenge	100,000	-
NextFifty	98,930	-
Native Coders Course	71,097	70,778
STEM and Business Cohort	55,130	6,354
ACES Summer Camp	38,603	67,129
Advanced Placement Computer Science	4,716	34,159
Capacity Building	-	25,000
Total	<u>2,224,866</u>	<u>1,638,490</u>
Subject to Appropriation:		
Endowment Funds	319,722	312,225
Endowment Earnings	28,492	31,427
Total	<u>348,214</u>	<u>343,652</u>
Not Subject to Appropriation:		
Endowment Funds	130,000	130,000
Total Net Assets with Donor Restrictions	<u>\$ 2,703,080</u>	<u>\$ 2,112,142</u>

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:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
SPRK-ing Interest in Computer Science	\$ 198,688	\$ 123,002
STEM College and Career Readiness Guide	88,387	-
ACES Summer Camp	67,129	18,512
Advanced Placement Computer Science	29,443	93,160
Capacity Building	25,000	-
Endowment Withdraws	16,640	16,501
Other	8,689	50,067
STEM and Business Cohort	1,224	112,943
Native Coders Course	-	6,929
Total	<u>\$ 435,200</u>	<u>\$ 421,114</u>

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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
DECEMBER 31, 2021 AND 2020**

NOTE 10 ENDOWMENTS (CONTINUED)

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

As of December 31, 2021 and 2020, AISES had the following endowment net asset composition by type of fund:

December 31, 2021	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 59,698	\$ -	\$ 59,698
Donor Restricted Endowment Funds:			
Donor-Restricted Gift Amount	-	449,722	449,722
Accumulated Investment Gains	-	28,492	28,492
Total Funds	<u>\$ 59,698</u>	<u>\$ 478,214</u>	<u>\$ 537,912</u>
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>

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, 2019	\$ 65,297	\$ 513,817	\$ 579,114
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>
Net Investment Return	3,605	21,203	24,808
Contributions	-	-	-
Withdrawals	-	(16,641)	(16,641)
Appropriated Earnings	(2,524)	-	(2,524)
Endowment Net Assets - December 31, 2021	<u>\$ 59,698</u>	<u>\$ 478,214</u>	<u>\$ 537,912</u>

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 relocated and entered into a new lease agreement in 2021 with termination in 2026, 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.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

Minimum future lease payments follow:

<u>Year Ending December 31,</u>	Office Space	Equipment	Total
2022	\$ 66,078	\$ 2,839	\$ 68,917
2023	33,335	2,129	35,464
2024	33,842	-	33,842
2025	34,279	-	34,279
2026	20,111	-	20,111
Total	<u>\$ 187,645</u>	<u>\$ 4,968</u>	<u>\$ 192,613</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 UPCOMING ACCOUNTING STANDARDS

ASU 2016-02 and 2020-05, Leases

This amendment changes the way lessees will recognize leases as they will recognize most leases on-balance sheet and will increase reported assets and liabilities. Lessor accounting remains substantially similar to current accounting principles generally accepted in the United States of America. Per ASU 2020-05, this standard is effective for annual periods beginning after December 15, 2021; however, early adoption is permitted. The ASU mandates a modified retrospective transition method for all entities. Management is currently evaluating the impact of this ASU on the financial statements upon adoption.

ASU 2020-07 – Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

The amendments address presentation and disclosure of contributed nonfinancial assets. ASU 2020-07 should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of this ASU upon adoption.

NOTE 13 PAYCHECK PROTECTION PROGRAM (PPP) FORGIVENESS

As of December 31, 2021 and 2020, the AISES applied for and has received forgiveness in full in the amount of \$416,930 and \$419,500, respectively. These are included on the Statement of Activities under the line item "Grants – Federal". The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the financial statements.

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,060,939	\$ 37,512	\$ -	\$ 2,098,451
Restricted Cash	56,728	-	-	56,728
Receivables:				
Trade and Other	976,024	-	(48,484)	927,540
Grants	568,074	-	-	568,074
Inventory	13,502	-	-	13,502
Prepaid Expenses	54,778	-	-	54,778
Total Current Assets	<u>3,730,045</u>	<u>37,512</u>	<u>(48,484)</u>	<u>3,719,073</u>
NONCURRENT ASSETS				
Investments	583,522	-	(10,668)	572,854
Property and Equipment, Net	6,500	-	-	6,500
Deposits	22,164	-	-	22,164
Total Noncurrent Assets	<u>612,186</u>	<u>-</u>	<u>(10,668)</u>	<u>601,518</u>
Total Assets	<u>\$ 4,342,231</u>	<u>\$ 37,512</u>	<u>\$ (59,152)</u>	<u>\$ 4,320,591</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 279,763	\$ 25,645	\$ (48,484)	\$ 256,924
Accrued Payroll and Related Liabilities	96,455	-	-	96,455
Deferred Revenue	527,003	-	-	527,003
Conditional Grants	7,136	-	-	7,136
Line of Credit	-	-	-	-
Total Current Liabilities	<u>910,357</u>	<u>25,645</u>	<u>(48,484)</u>	<u>887,518</u>
NONCURRENT LIABILITIES				
Agency Liabilities	56,728	-	-	56,728
Loan Payable	153,312	-	-	153,312
Total Noncurrent Liabilities	<u>210,040</u>	<u>-</u>	<u>-</u>	<u>210,040</u>
Total Liabilities	<u>1,120,397</u>	<u>25,645</u>	<u>(48,484)</u>	<u>1,097,558</u>
NET ASSETS				
Without Donor Restrictions:				
AISES	459,056	-	-	459,056
Board-Designated	59,698	-	-	59,698
Noncontrolling Interest in AISES Publishing, Inc.	-	-	1,199	1,199
Total Without Donor Restrictions	<u>518,754</u>	<u>-</u>	<u>1,199</u>	<u>519,953</u>
With Donor Restrictions:				
Perpetual in Nature	130,000	-	-	130,000
Subject to Appropriation	348,214	-	-	348,214
Purpose Restrictions	2,224,866	-	-	2,224,866
Retained Earnings	-	11,867	(11,867)	-
Total With Donor Restrictions	<u>2,703,080</u>	<u>11,867</u>	<u>(11,867)</u>	<u>2,703,080</u>
Total Net Assets	<u>3,221,834</u>	<u>11,867</u>	<u>(10,668)</u>	<u>3,223,033</u>
Total Liabilities and Net Assets	<u>\$ 4,342,231</u>	<u>\$ 37,512</u>	<u>\$ (59,152)</u>	<u>\$ 4,320,591</u>

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

ASSETS	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
CURRENT ASSETS				
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	-	-	52,153
Total Current Assets	<u>1,377,321</u>	<u>60,252</u>	<u>(48,602)</u>	<u>1,388,971</u>
NONCURRENT ASSETS				
Investments	549,953	-	(10,278)	539,674
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>565,465</u>
Total Assets	<u>\$ 1,953,065</u>	<u>\$ 60,252</u>	<u>\$ (58,880)</u>	<u>\$ 1,954,436</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
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>
Noncurrent Liabilities:				
Agency Liabilities	64,354	-	-	64,354
Loan Payable	150,000	-	-	150,000
Total Liabilities	<u>742,090</u>	<u>48,820</u>	<u>(48,602)</u>	<u>742,308</u>
NET ASSETS				
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>(900,013)</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 ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
REVENUE, SUPPORT, AND GAINS				
In-Kind	\$ 2,001,586	\$ -	\$ -	\$ 2,001,586
Corporate	1,885,907	-	(45,925)	1,839,982
Grants - Federal	1,387,056	48,222	-	1,435,278
State and Other	777,472	-	-	777,472
Foundation	2,753,290	-	-	2,753,290
Advertising Income	570,753	-	-	570,753
Conference Registration	253,641	-	-	253,641
Individual	287,412	-	-	287,412
Other	130,923	-	-	130,923
Nonprofit/Tribes	400,019	-	-	400,019
Educational Institute	175,877	-	-	175,877
Membership Fees	108,020	-	-	108,020
Net Investment Income	41,200	-	-	41,200
Gain (Loss) on Investment in Subsidiary	390	-	(390)	-
Total Revenue, Support, and Gains	<u>10,773,546</u>	<u>48,222</u>	<u>(46,315)</u>	<u>10,775,453</u>
EXPENSES AND LOSSES				
Program Services Expense	7,228,669	47,787	(45,925)	7,230,531
Supporting Services Expense:				
Management and General	1,027,416	-	-	1,027,416
Fundraising and Development	506,601	-	-	506,601
Total Supporting Services Expense	<u>1,534,017</u>	<u>-</u>	<u>-</u>	<u>1,534,017</u>
Total Expenses and Losses	<u>8,762,686</u>	<u>47,787</u>	<u>(45,925)</u>	<u>8,764,548</u>
CHANGE IN NET ASSETS	2,010,860	435	(390)	2,010,905
Net Assets - Beginning of Year	<u>1,210,974</u>	<u>11,432</u>	<u>(10,278)</u>	<u>1,212,128</u>
NET ASSETS - END OF YEAR	<u>\$ 3,221,834</u>	<u>\$ 11,867</u>	<u>\$ (10,668)</u>	<u>\$ 3,223,033</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
REVENUE, SUPPORT, AND GAINS				
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>
EXPENSES AND LOSSES				
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>
CHANGE IN NET ASSETS	(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>
NET ASSETS - END OF YEAR	<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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
(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
Salaries	\$ 169,972	\$ 184,957	\$ 34,948	\$ 48,875	\$ 118,553	\$ 163,741	\$ 247,939	\$ 324,240	\$ -
In-Kind	-	-	-	-	-	994,793	994,793	12,000	-
Professional Fees	269,629	1,875	179,111	-	250	6,947	114,849	242,560	47,425
Awards/Gifts and Scholarships	29,350	9,675	1,650	-	898,700	2,566	-	-	-
Convention Costs	406,404	-	-	-	-	-	-	-	-
Material and Supplies	5,132	1,968	-	532	3,402	2,903	355,668	3,488	-
Participant Costs and Stipends	-	64	-	14,698	87,475	-	120,610	119,542	-
Employee Benefits	23,867	21,658	3,765	1,236	13,291	22,393	26,643	34,324	-
Travel	63,496	21,742	3,240	3,793	4,726	5,029	20,162	5,811	-
Payroll Taxes	13,203	14,113	2,637	4,136	9,512	12,549	20,246	25,150	-
Occupancy	-	-	-	-	-	-	-	-	-
Computer Service and Related	34,483	-	-	-	-	33,720	-	750	-
Bank Service Charges	33,789	118	4,511	-	550	1,600	-	-	332
Meeting Expense	14,289	25,768	-	-	3,447	-	9,230	6,614	-
Printing and Copying	16,111	-	33,039	-	2,804	9,199	-	79	-
Postage and Shipping	7,828	26	23,330	-	-	789	485	19	-
Telephone and Communications	1,072	1,220	-	-	-	839	1,103	1,295	-
Dues and Subscriptions	-	1,596	569	-	-	480	-	-	30
Advertising	629	50	150	-	-	5,325	-	-	-
Office Expense	-	-	-	-	-	-	-	-	-
Interest Expense	702	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Indirect Cost	-	37,941	38,566	10,109	53,110	35,451	121,470	66,763	-
Total Expenses by Function	\$ 1,089,956	\$ 322,771	\$ 325,516	\$ 83,379	\$ 1,195,820	\$ 1,298,324	\$ 2,033,198	\$ 842,635	\$ 47,787

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Support Services						Eliminations	Total
	Other	Total Program Services	Management and General	Fundraising	Total Support Services			
Salaries	\$ 20,000	\$ 1,313,225	\$ 774,851	\$ 214,934	\$ 989,785	\$ (45,925)	\$ 2,257,085	
Advertising	-	2,001,586	-	-	-	-	2,001,586	
Professional Fees	-	862,646	176,545	111,525	288,070	-	1,150,716	
Awards/Gifts and Scholarships	-	941,941	510	506	1,016	-	942,957	
Convention Costs	-	406,404	-	-	-	-	406,404	
Material and Supplies	-	373,093	24,780	319	25,099	-	398,192	
Participant Costs and Stipends	12,397	354,786	-	-	-	-	354,786	
Employee Benefits	-	147,177	108,899	24,108	133,007	-	280,184	
Travel	-	127,999	45,515	29,150	74,665	-	202,664	
Payroll Taxes	1,672	103,218	61,090	16,939	78,029	-	181,247	
Occupancy	-	-	136,512	-	136,512	-	136,512	
Computer Service and Related	-	68,953	31,416	7,124	38,540	-	107,493	
Bank Service Charges	89	40,989	22,818	4,539	27,357	-	68,346	
Meeting Expense	-	59,348	4,497	1,029	5,526	-	64,874	
Printing and Copying	-	61,232	811	-	811	-	62,043	
Postage and Shipping	-	32,477	3,099	4,843	7,942	-	40,419	
Telephone and Communications	-	5,529	22,413	3,624	26,037	-	31,566	
Dues and Subscriptions	-	2,675	3,042	21,008	24,050	-	26,725	
Advertising	-	6,154	6,739	6,924	13,663	-	19,817	
Office Expense	-	-	15,896	-	15,896	-	15,896	
Interest Expense	-	702	9,334	-	9,334	-	10,036	
Bad Debt Expense	-	-	5,000	-	5,000	-	5,000	
Indirect Cost	2,912	366,322	(426,351)	60,029	(366,322)	-	-	
Total Expenses by Function	\$ 37,070	\$ 7,276,456	\$ 1,027,416	\$ 506,601	\$ 1,534,017	\$ (45,925)	\$ 8,764,548	

**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	-
Total Expenses by Function	\$ 608,982	\$ 184,088	\$ 314,743	\$ 43,472	\$ 978,779	\$ 1,409,930	\$ 2,286,653	\$ 1,024,743	\$ 99,966

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)	-	-
Total Expenses by Function	\$ 230,730	\$ 7,182,085	\$ 579,125	\$ 325,187	\$ 904,312	\$ (91,850)	\$ 7,994,547

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. National Science Foundation				
Research and Development Cluster:				
Engineering Grants	47.041		\$ -	\$ 13,500
Computer and Information Science and Engineering	47.070		-	21,395
Biological Sciences	47.074		-	188,130
Education and Human Services	47.076		78,238	88,963
TERC, Inc.—Education and Human Services	47.076	2000619	-	47,268
Total U.S. National Science Foundation			78,238	359,256
National Institutes of Health				
UCSF Collaboration - Biomedical Research and Training	93.859		-	44,575
Total National Institute of Health			-	44,575
Total Research and Development Cluster			78,238	403,831
Department of Agriculture				
USDA Forest Products Laboratory Interns	10.699		-	24,355
Total Department of Agriculture			-	24,355
Department of Education				
Indian Education - Special Programs for Indian Children	84.299		-	498,433
Total Department of Education			-	498,433
U.S. Department of Energy				
Bonneville Power Administration--BPA Interns	81.U01		-	18,008
Minority Economic Impact	81.137		-	170,253
Total U.S. Department of Energy			-	188,261
U.S. Department of Health and Human Services				
Demonstration Projects for Indian Health	93.933		-	187,158
Total U.S. Department of Health and Human Services			-	187,158
Total Expenditures of Federal Awards			\$ 78,238	\$ 1,302,038

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, 2021**

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.

NOTE 5 RECONCILIATION OF FEDERAL AWARDS TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The below schedule reconciles the total federal awards presented in the statement of activities to the expenditures within the schedule of expenditures of federal awards.

Federal Grants per Statement of Activities	\$ 1,435,278
Less: Federal Grant Received in Vendor Relationship	(48,221)
Less: Other Reconciling items	(6,781)
Total Federal Expenditures per SEFA	<u>\$ 1,380,276</u>



**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 financial statements of American Indian Science and Engineering Society (AISES) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 23, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Indian Science and Engineering Society's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

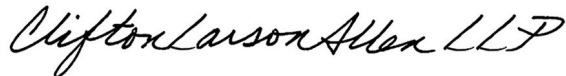
As part of obtaining reasonable assurance about whether American Indian Science and Engineering Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.

American Indian Science and Engineering Society's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the American Indian Science and Engineering Society's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. American Indian Science and Engineering Society's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
August 23, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH 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

Opinion on Each Major Federal Program

We have audited American Indian Science and Engineering Society's (AISES) compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

In our opinion, American Indian Science and Engineering Society complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of American Indian Science and Engineering Society and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of American Indian Science and Engineering Society's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to American Indian Science and Engineering Society's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on American Indian Science and Engineering Society's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about American Indian Science and Engineering Society's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 American Indian Science and Engineering Society's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of American Indian Science and Engineering Society's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 American Indian Science and Engineering Society's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

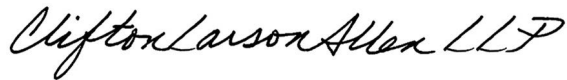
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Board of Directors
American Indian Science and Engineering Society

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
August 23, 2022

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

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)? x yes _____ 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)? _____ yes x 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) _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)

84.299

Name of Federal Program or Cluster

Indian Education – Special Programs for Indian Children

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 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

2021–001 – Revenue Recognition and Deferred Revenues

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Inappropriate revenue recognition related to contributions and sponsorships. During our testwork over grants, contributions, and sponsorships:

- Noted one contribution for 2022 National Conference sponsorship that was inappropriately recorded as current year revenues. This amount was to be deferred until conditions were met for revenue recognition. The total of the deferral is \$45,225.
- Noted one grant that was deferred as of December 31, 2021 that had no conditions with significant barriers. As such, this amount was to be recognized as revenue within the current year. The total of the recognized revenue is \$98,930.

Criteria or specific requirement: According to Accounting Standards Update (ASU) 2018-08, the auditee is required to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome prior to revenue recognition as well as a right of return.

Context: We noted that the overall increase in contributions to the organization, including conditional grants and promises to give, impacted the above noted items.

Effect: Inappropriate controls and procedures surrounding the recognition of revenues and deferred contributions/promises to give may lead to material misstatements in the financial statements. Furthermore, inaccurate reporting does not allow for timely and accurate reporting to governance and other stakeholders on availability of funds.

Cause: Management did not identify these errors through the current process in place.

Recommendation: CLA recommends management assess the current procedures for recognition of revenues and preparation of deferred revenue reconciliation in conjunction with after-the-fact review of these items to better address the accuracy of revenue recognition.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings (Continued)

Action planned/taken in response to finding: The accounting & finance department is adding the following to the invoice request process in order to ensure that revenue for all events is coded to the appropriate years:

- All future sponsorship invoice requests submitted by the development department will include the year of the event and they will also provide the appropriate coding:
 - Example #1 – Invoice request for current year event:
 - AISES 2022 National Conference Sponsorship – 007-007-029
 - Example #2 – Invoice request for future year event:
 - AISES 2023 National Conference Sponsorship – 000-000-000-2200 (deferred revenue)
- The Director of Grant Compliance will send initial revenue recognition assessments to audit firm for review and assessment to ensure revenue is recognized correctly.

Name(s) of the contact person(s) responsible for corrective action: Angelika Silva, Senior Director of Finance and HR; and Roseann McDermott, Director of Grant Compliance

Planned completion date for corrective action plan: August 31, 2022

Plan to monitor completion of corrective action plan: Bill McIntyre, CFO, will review sponsorship invoices each month to ensure they are booked to the correct fiscal year. Sarah EchoHawk, CEO, will be party to all correspondence to outside audit firm regarding revenue recognition determination.

2021-002 – Net Assets and Donor Restrictions

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During our testwork over the net asset rollforward prepared by management:

- Noted one grant for a total of \$500,000 that was determined to be restricted but was not restricted on the net asset rollforward. Per further discussions with management, this item was truly unrestricted.
- Noted one grant for a total of \$150,000 that was determined to be restricted but was not restricted on the net asset rollforward. This amount was truly restricted and was added to the restricted net asset balance.
- Noted two grants for scholarships totaling \$100,000 that were determined to be restricted but were not restricted on the net asset rollforward for scholarships. This amount was truly restricted and was added to the restricted net asset balance for scholarships.

Criteria or specific requirement: According to ASU No. 2016-14, the auditee is responsible for presenting net assets with and without donor restriction and provide enhanced disclosures about composition of net assets with donor restrictions.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings (Continued)

2021–002 – Net Assets and Donor Restrictions (Continued)

Context: We noted that the overall increase in activity for the organization in 2021 brings about more opportunities for items to be missed in the preparation of the net asset rollforward and restricted net asset balances. There was roughly \$2 million additional income this year which greatly increased the volume of items for consideration. Additionally, there are mitigating factors for this deficiency as AISES has a chart of accounts that codes any program revenue and costs to specific department coding within the system. This means the overall issue is primarily related to presentation and preparation of the net asset rollforward.

Effect: Without a functioning process for the tracking of restricted contributions, AISES is at risk of inaccurately reporting restricted balances. This would be the result of items not being carried to the net assets rollforward for tracking or through inaccurately releasing or omission of current year releases of restricted funds.

Cause: Errors were not identified by management through the review process in place.

Recommendation: CLA recommends management assess the current procedures for preparation of the Net Asset rollforward in conjunction with after-the-fact review of these items to better address the accuracy of reporting restricted net asset balances.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

Action planned/taken in response to finding: AISES has refined the current procedure for preparation of the Net Asset roll forward to tie in each fund balance from the prior year's roll forward as well as any new fund with activity in the current year in the MIP accounting system and reconciling the total of the individual fund balances to the total year to date net deficit or surplus for AISES from the MIP P&L report generated from the MIP accounting system.

AISES also has implemented a process to identify each fund as either restricted or without restrictions based upon initial review of a signed contract or grant agreement. The process should help in improving the accuracy of reporting restricted net asset balances.

Name(s) of the contact person(s) responsible for corrective action: Sarah EchoHawk, CEO; Bill McIntyre, CFO

Planned completion date for corrective action plan: August 31, 2022

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021**

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

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



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