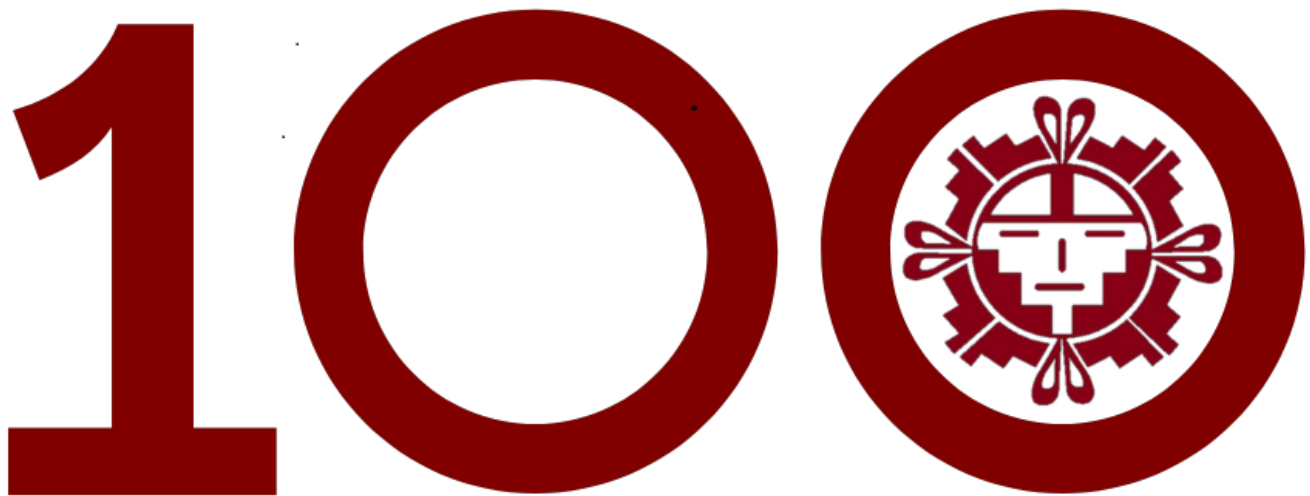


# **ASSOCIATION ON AMERICAN INDIAN AFFAIRS**



**1922** **YEARS** **2022**

**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**

**December 31, 2023**

**Financial Statements and  
Independent Auditors' Report**

# ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.

December 31, 2023

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Association on American Indian Affairs, Inc.  
6030 Daybreak Circle, Suite A150-217  
Clarksville, MD 21029

### **Opinion**

We have audited the accompanying financial statements of Association on American Indian Affairs, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of Association on American Indian Affairs, Inc. as of December 31, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Association on American Indian Affairs, Inc. 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.

#### **REPLY TO:**

**1150 GLENLIVET DRIVE  
SUITE C36  
ALLENTOWN, PA 18106  
PHONE: 484-223-0096**

**17 VILLAGE CENTER DRIVE  
UNIT D3  
READING, PA 19607  
PHONE: 610-372-1180**

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 Association on American Indian Affairs, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted 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 generally accepted 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 Association on American Indian Affairs, Inc.'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 Association on American Indian Affairs, Inc.'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.

*GBB & Company, LLP*

Allentown, PA  
April 30, 2024

**Association on American Indian Affairs, Inc.**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,443,380	\$ 1,154,374
Cash and Cash Equivalents - Endowment	10,223	8,119
Investments - Endowment	691,961	605,564
Accounts Receivable	14,822	153,976
Prepaid Expenses	2,156	614
<b>Total Current Assets</b>	<b>2,162,542</b>	<b>1,922,647</b>
<b>Fixed Assets</b>		
Furniture and Equipment	-	1,000
Less: Accumulated Depreciation	-	(1,000)
<b>Net Fixed Assets</b>	-	-
<b>Total Assets</b>	<b>\$ 2,162,542</b>	<b>\$ 1,922,647</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 12,387	\$ 10,109
Accrued Expenses	31,707	42,995
<b>Total Current Liabilities</b>	44,094	53,104
<b>Net Assets</b>		
With Donor Restrictions	856,054	724,526
Without Donor Restrictions	1,262,394	1,145,017
	2,118,448	1,869,543
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,162,542</b>	<b>\$ 1,922,647</b>

See independent auditors' report.  
The accompanying notes are an integral part of the financial statements.

**Association on American Indian Affairs, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 2023 and 2022**

	2023			2022
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>Revenues, Gains, and Other Support</b>				
Contributions, Grants, and Dues	\$ 625,153	\$ 56,100	\$ 681,253	\$ 969,392
Conference Revenue	67,704	-	67,704	89,725
Investment Income, net of fees of \$6,434	13,401	10,490	23,891	17,172
Media Sales	10,917	-	10,917	6,935
Realized Gains (Losses) on Investments	-	8,220	8,220	(293)
Unrealized Gains (Losses) on Investments	(59,989)	129,780	69,791	(134,832)
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	73,062	(73,062)	-	-
<b>Total Revenues, Gains, and Other Support</b>	<u>730,248</u>	<u>131,528</u>	<u>861,776</u>	<u>948,099</u>
<b>Operating Expenses</b>				
Program Services:				
Cultural Sovereignty	143,835	-	143,835	213,778
Next Generations	94,287	-	94,287	150,629
Become an Ally	264,928	-	264,928	247,305
Total Program Services	<u>503,050</u>	<u>-</u>	<u>503,050</u>	<u>611,712</u>
General and Administration	107,285	-	107,285	84,171
Fundraising	2,536	-	2,536	4,002
<b>Total Operating Expenses</b>	<u>612,871</u>	<u>-</u>	<u>612,871</u>	<u>699,885</u>
<b>Change in Net Assets</b>	117,377	131,528	248,905	248,214
<b>Net Assets, January 1</b>	1,145,017	724,526	1,869,543	1,621,329
<b>Net Assets, December 31</b>	<u>\$ 1,262,394</u>	<u>\$ 856,054</u>	<u>\$ 2,118,448</u>	<u>1,869,543</u>

See independent auditors' report.

The accompanying notes are an integral part of the financial statements.

**Association on American Indian Affairs, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2023 and 2022**

	<u>Program Services</u>				<u>Supporting Services</u>		<u>2023</u>	<u>2022</u>
	<u>Cultural Sovereignty</u>	<u>Next Generations</u>	<u>Become an Ally</u>	<u>Total Program</u>	<u>General &amp; Administration</u>	<u>Development/ Fundraising</u>	<u>Total</u>	<u>Total</u>
<b>Expenses</b>								
Salaries	\$ 83,506	\$ 21,717	\$ 170,931	\$ 276,154	\$ 69,092	\$ 543	\$ 345,789	\$ 341,354
Payroll Taxes	6,638	1,806	13,664	22,108	5,156	316	27,580	25,413
Employee Benefits	7,247	2,077	16,100	25,424	5,708	41	31,173	34,756
Total Employment Expenses	97,391	25,600	200,695	323,686	79,956	900	404,542	401,523
Accounting	11,243	4,068	6,285	21,596	9,054	-	30,650	32,577
Contracted Services	9,650	7,605	9,904	27,159	570	-	27,729	90,992
Scholarships	-	40,000	-	40,000	-	-	40,000	38,000
Grants	-	5,000	10,000	15,000	-	-	15,000	11,100
Travel	8,549	2,719	11,499	22,767	4,175	-	26,942	31,747
Meetings and Conferences	324	1,519	2,317	4,160	1,653	-	5,813	47,219
Occupancy	294	294	294	882	294	-	1,176	1,176
Insurance	705	705	705	2,115	704	-	2,819	5,255
Office Expenses	12,906	4,004	19,966	36,876	7,126	1,636	45,638	36,874
Bank Fees	1,724	1,724	1,724	5,172	1,723	-	6,895	3,422
Board Expenses	803	803	803	2,409	802	-	3,211	-
Filing Fees	246	246	736	1,228	1,228	-	2,456	-
<b>Total Expenses</b>	<u>\$ 143,835</u>	<u>\$ 94,287</u>	<u>\$ 264,928</u>	<u>\$ 503,050</u>	<u>\$ 107,285</u>	<u>\$ 2,536</u>	<u>\$ 612,871</u>	<u>\$ 699,885</u>

See independent auditors' report.  
The accompanying notes are an integral part of the financial statements.

**Association on American Indian Affairs, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 248,905	\$ 248,214
<b>Adjustment to Reconcile Changes in Net Assets to</b>		
<b>Net Cash Provided by Operating Activities</b>		
Realized (Gains) Losses on Investments	(8,220)	293
Unrealized (Gains) Losses on Investments	(69,791)	134,832
Other Investment income	(10,490)	(16,514)
<b>Changes in Other Assets and Liabilities</b>		
Accounts Receivable	139,154	34,914
Prepaid Expenses	(1,542)	4,333
Accounts Payable	2,278	7,544
Accrued Expenses	(11,288)	5,336
<b>Net Cash Provided by Operating Activities</b>	289,006	418,952
 <b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of Investments	124,485	118,600
Purchase of Investments	(122,381)	(127,625)
<b>Net Cash Provided By (Used In) Investing Activities</b>	2,104	(9,025)
 <b>Net Increase in Cash and Cash Equivalents</b>	291,110	409,927
 <b>Cash and Cash Equivalents on January 1</b>	1,162,493	752,566
 <b>Cash and Cash Equivalents on December 31</b>	\$ 1,453,603	\$ 1,162,493
 <b>Supplemental Information</b>		
Interest Paid	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

See independent auditors' report.  
The accompanying notes are an integral part of the financial statements.



**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 AND 2022**

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**NOTE 1      NATURE OF ORGANIZATION**

The Association on American Indian Affairs, Inc. (the Association) is the oldest non-profit serving Native Country protecting sovereignty, preserving culture, educating youth, and building capacity. The Association was formed in 1922 to change the destructive path of federal policy from assimilation, termination, and allotment to sovereignty, self-determination, and self-sufficiency. Throughout its 100-year history, the Association has provided national advocacy on watershed issues that support sovereignty and culture, while working on the ground at a grassroots level with Native Nations and Indigenous Peoples to support the implementation of programs that affect lives on the ground.

The Association is governed by an all-Native Board of Directors and Chief Executive from across Native Country. As a public membership organization, the Association speaks with unified voices from all over the country, both Native and non-Native together, to create a world where diverse Native cultures and values are lived, protected, and respected. The Association does not accept federal funding.

**Programs Administered by the Association**

**Cultural Sovereignty**

Cultural Sovereignty means simply returning control over the things that make us who we are as Native Peoples. Over the course of history, colonial powers have forcibly removed us from our homelands, looted our graves and sacred places, outlawed our languages and religions, and kidnapped our children. The Association's Cultural Sovereignty program works to develop infrastructure - such as federal, state and Native Nation laws and policies that will support the return of our stolen lands, Ancestors, religious practices, languages, identity, and bringing home our children who died at boarding schools. In addition, the Association develops training, strategies and technical support to build capacity within Native Nations, and work to change perspectives of those who wish to hold onto our culture without free, prior and informed consent.

**Next Generations**

The Next Generations program promotes strong, resilient youth, families and Nations through advocacy, education, cultural connections, healing and wellbeing. Next Generations initiatives include protection of the Indian Child Welfare Act, adoption investigation project, Native Youth Summer Camp Grants and the developing National Native Youth Summer Camp program, Native Youth Justice, and scholarships for Native undergraduate and graduate students. A new initiative is being developed to interrupt cycles of intergenerational trauma with resilience and holistic personal and organizational wellbeing strategies.

**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 AND 2022**

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**NOTE 1      NATURE OF ORGANIZATION – continued**

**Become an Ally**

The Association on American Indian Affairs has over 100 years of providing meaningful public education on issues that affect Native Country and does so through its Become an Ally program. The Association believes that a society that understands Native Peoples, their sovereign Nations and diverse cultures will make better decisions about the environment, the economy, education, healthcare, and how we can all exist together on one planet. The Become an Ally program is about building relationships that will support allyship, education and accountability for our world and each other.

This program utilizes our various social media platforms to deliver public education, create productive dialogue, and encourage action from our supporters about Native Nation issues. Become an Ally is our public affairs and communication arm that works to lift up Native Country by sharing information about our program successes and how you can help support our vision, mission and goals. Become an Ally includes all of our programs and initiatives, as well as the Association's 100 years of history, our *Indian Affairs* journal that has been published since the 1930s, our internships, fellowships, and volunteer programs, Murdered and Missing Indigenous Relatives, and Red Hoop Talk video podcast, among other public education initiatives.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when rights to receive are earned, or when services have been provided, and expenditures are recorded when obligation to pay is incurred.

**Financial Statement Presentation**

The financial statements of the Association are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”); (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Association classifies the net assets and changes in net assets as follows:

**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 AND 2022**

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. The Association's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity, for example, our scholarship endowment.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Revenue Recognition**

The Association recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Association recognizes revenue from conference registrations and conference sponsorships at the time the conference is held.

The endowment investment activity is recorded as “with donor restrictions” until the restricted purpose is met.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association considers cash and cash equivalents to include all cash accounts held in banks and other financial institutions with original maturities of three months or less.

**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 AND 2022**

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Investments**

The financial Accounting and Standard Board issued Staff Position No. FAS 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds, now included in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205-50. ASC 958-205-50 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958-205-50 also improves disclosures about an organization's endowment funds (both donor restricted and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New York adopted its version of UPMIFA (NYUPMIFA) on September 17, 2010. The Association adopted ASC 958-205-50 effective with the year ended December 31, 2012. The Board of Directors has determined that the donor-restricted endowment fund (see Note 9) meets the definition of an endowment fund under NYUPMIFA.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for the scholarship endowment while seeking to maintain the purchasing power of the endowment assets.

**Accounts Receivable**

Accounts receivable is stated at the amount management expects to collect from outstanding balances. The Association considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when that determination is made. At December 31, 2023 and 2022, accounts receivable had a balance of \$14,822 and \$153,976, respectively.

**Property and Equipment**

Property and equipment is recorded at cost or, if donated, at the approximate fair market value at the date of donation. Items with an original cost or fair market value at the date of donation of less than \$2,500 are expensed when incurred. Depreciation is provided using the straight-line method over the useful lives of the assets, which range from five to seven years.

**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 AND 2022**

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Vacation Accrual**

Permanent employees shall earn annual leave at the rate of one (1) day per month for the first year; one and one-fourth (1¼) days per month the second year; one and one-half (1½) days per month the third year; and twenty (20) days per year after the third year.

Annual leave is accrued from initial date of employment but is not available for use until satisfactory completion of the probationary period (three months), except where specially approved by the Chief Executive Officer. An employee may accrue annual leave from one year to the next year. The amount of annual leave that may be carried over shall not exceed 80 hours.

**Fair Value of Financial Instruments**

The Association believes that the carrying value of its financial instruments approximates their fair values in accordance with FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures (ASC 820). ASC 820 applies to all financial assets and liabilities that are being measured and reported on a fair value basis and requires such assets and liabilities to be classified and disclosed in one of the following three categories to enable readers of the financial statements to assess the inputs used to develop those measurements:

- Level 1      Quoted marked prices unadjusted in active markets for identical assets or liabilities.
  
- Level 2      Observable market based inputs or unobservable inputs that are corroborated by market data.
  
- Level 3      Unobservable inputs that are not corroborated by market data.

**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 AND 2022**

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

The financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Association uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers nonperformance risk in its assessment of fair value.

Level 2 and 3 methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. The Association had no Level 2 or 3 investments during the years ended December 31, 2023 or 2022. Furthermore, if the Association has Level 2 or 3 investments in the future, management believes its valuation methods are appropriate and consistent with other market participants. It is still possible that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. See Note 3.

**Income Taxes**

The Association qualifies for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Income generated by activities that would be considered unrelated to the Association’s mission would be subject to tax which, if incurred, would be recognized as a current expense. No such tax has been recognized as of December 31, 2023 or 2022.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association. Management has analyzed the tax positions taken and has concluded that as of December 31, 2023, all tax positions taken or expected to be taken would more likely than not be sustained upon examination. For tax purposes, the open audit years are 2020 - 2023.

**Functional Expenses**

The Association’s operating costs have been allocated between program, general and administration, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. The expenses that are allocated are salaries, payroll taxes, and employee fringe benefits which are allocated on the basis of estimates of time and effort determined by management. General and administrative costs are being allocated based on total expenses by program.

**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 AND 2022**

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Comparative Summarized Financial Information**

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association’s financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**New Accounting Pronouncements**

Effective January 1, 2020, the Association adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers. Under the new revenue recognition standard, revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of goods at a point in time based on shipping terms and transfer of title. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods. Sales, value add, and other taxes collected concurrent with revenue-producing activities are excluded from revenue. The Association does not expect a material impact to its statements of financial position and Statement of Activities on an ongoing basis from the adoption of the new standard.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard was effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. The Association evaluated the impact of ASU 2016-02’s adoption and does not believe it effects the Association’s financial statements.

**ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 AND 2022**

**NOTE 3 INVESTMENTS**

The Association's investments at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Fixed Income	\$ 233,558	\$ 209,400
Equities	<u>458,403</u>	<u>396,164</u>
Total Investments	<u>\$ 691,961</u>	<u>\$ 605,564</u>

The investment income reported in the statement of activities is as follows:

	<u>2023</u>	<u>2022</u>
Interest and Dividend Income	\$ 16,924	\$ 22,801
Realized and Unrealized Gains (Losses)	78,011	(135,125)
Investment Management Fees	<u>(6,434)</u>	<u>(6,287)</u>
Total Investment Income, Net	<u>\$ 88,501</u>	<u>\$ 118,611</u>

Additional interest income of \$13,400 and \$659 was earned on the Association's cash balances during the years ended December 31, 2023 and 2022, respectively.

**Fair Value Measurements**

Information related to the Association's assets measured at fair value on a recurring basis at December 31, 2023 and 2022 are as follows:

<b>12/31/2023</b>	<b><u>Fair Value</u></b>	<b><u>FAIR VALUE MEASUREMENTS USING</u></b>		
		<b><u>(Level 1)</u></b>	<b><u>(Level 2)</u></b>	<b><u>(Level 3)</u></b>
Fixed Income	\$ 233,558	\$ 233,558	\$ -	\$ -
Equities	<u>458,403</u>	<u>458,403</u>	-	-
Total Investments	<u>\$ 691,961</u>	<u>\$ 691,961</u>	<u>\$ -</u>	<u>\$ -</u>

<b>12/31/2022</b>	<b><u>Fair Value</u></b>	<b><u>FAIR VALUE MEASUREMENTS USING</u></b>		
		<b><u>(Level 1)</u></b>	<b><u>(Level 2)</u></b>	<b><u>(Level 3)</u></b>
Fixed Income	\$ 209,400	\$ 209,400	\$ -	\$ -
Equities	<u>396,164</u>	<u>396,164</u>	-	-
Total Investments	<u>\$ 605,564</u>	<u>\$ 605,564</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.



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**NOTE 4      COMPENSATED ABSENCES**

Accumulated unpaid personal time off is recognized as liabilities of the Association. The liability is recognized in the program to which the liability relates. The total liability for personal time off was \$9,046 and \$11,041 at December 31, 2023 and 2022, respectively.

**NOTE 5      DONATED GOODS AND SERVICES**

Contributions of donated goods and services are recorded at fair value in the period received. Donated goods and services totaled \$0 and \$43,217 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 6      CONCENTRATION RISKS**

Cash held by the Association in bank accounts at times exceeded the Federal Deposit Insurance Corporation (FDIC) coverage limit. During 2023 the Association entered into a banking agreement to maintain its cash in bank deposit accounts at a high credit quality financial institution. Balances over the federally insured limit of \$250,000 per account are automatically migrated overnight to mitigate this risk. Management believes the Association is not exposed to any significant credit risk related to cash.

The Association invests in a professionally managed portfolio that contains fixed income and equities. Such investments are exposed to various risks such as interest rate, and market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

One donor represented approximately 20% of total revenue in the year ended December 31, 2023.

Two donors represented approximately 26% of total revenue in the year ended December 31, 2022.

**NOTE 7      PENSION PLAN**

The Association has an Employee Savings Plan which was approved by the Board of Directors. It is available for full time employees. The Association shall provide a matching contribution of at least 1% of salary for employees who earn at least \$5,000 or which is required by law. Retirement plan contributions for the years ended December 31, 2023 and 2022 were \$2,446 and \$8,450, respectively.

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2023 and 2022, the Association’s donor-restricted net assets consisted of the following:

	<u>12/31/2022</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/2023</u>
Juvenile Justice	\$ 42,743	\$ 50,000	\$ (19,886)	\$ 72,857
Medicine Wheel	4,457	-	-	4,457
Adoption Project	33,503	-	-	33,503
Summer Camps	-	6,000	(6,000)	-
National Summer Camps	46,287	-	(1,800)	44,487
Scholarships-University of Michigan	66,806	-	-	66,806

Donor-restricted endowments, available for appropriation for the following purposes:

Scholarships	<u>530,730</u>	<u>148,590</u>	<u>(45,376)</u>	<u>633,944</u>
Total	<u>\$ 724,526</u>	<u>\$ 204,590</u>	<u>\$ (73,062)</u>	<u>\$ 856,054</u>

**NOTE 9 ENDOWMENTS**

The Association’s endowment is composed of three donor-restricted endowment funds. These funds are reported as net assets with donor restrictions (scholarships) in the accompanying financial statements. Income from these funds is available to support the purpose of each endowment as follows:

- The Elizabeth and Sherman Asche Memorial Scholarship Fund – student scholarships.
- The Homborg Scholarship Fund – Scholarships for American Indian girls.
- The Mary Hemenway Memorial Fund – Education of American Indians, preferably at the college or graduate school level, either by way of scholarship grants or such other ways as the Association’s Board of Directors may from time to time decide.

Below are the amounts of the original gifts for each endowment fund:

	<u>2023</u>	<u>2022</u>
The Elizabeth and Sherman Asche Memorial Scholarship Fund	\$ 237,250	\$ 237,250
The Homborg Scholarship Fund	142,000	142,000
The Mary Hemenway Memorial Fund	<u>175,280</u>	<u>175,280</u>
Total	<u>\$ 554,530</u>	<u>\$ 554,530</u>

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**NOTE 9      ENDOWMENTS – continued**

The activity in the Association’s donor-restricted endowment funds for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Endowment, Beginning of Year	\$ 530,730	\$ 690,582
Contributions	100	-
Investment Activity	148,490	(118,611)
Appropriations	(45,376)	(41,241)
Endowment, End of Year	\$ 633,944	\$ 530,730

**NOTE 10      LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Association’s financial policy is to have enough liquid financial assets available to cover at least six months of operating expenses. The Association has \$1,458,202 of financial assets available to meet cash needs for general operating expenditures as of December 31, 2023, which represents twenty-eight months of operating expenses. The financial assets consist of cash and accounts receivables. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year.

**NOTE 11      SUBSEQUENT EVENTS**

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through April 30, 2024, which is the date the financial statements were available to be issued. Based on this evaluation, no adjustments were required to the financial statements as of December 31, 2023.