

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.

AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
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DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the financial statements

We have audited the accompanying financial statements of Association on American Indian Affairs, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the financial statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Association on American Indian Affairs, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have not previously audited Association on American Indian Affairs, Inc.'s 2019 financial statements. The last year auditor expressed an unmodified audit opinion on those audited financial statements, in the report dated March 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harshwal & Company LLP

Albuquerque, NM
May 18, 2021

FINANCIAL STATEMENTS

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020
(With summarized comparative totals as of December 31, 2019)

	2020	2019
ASSETS		
Cash and cash equivalent	\$ 417,243	\$ 373,905
Cash and cash equivalent - endowments	26,172	32,552
Investment - endowments	606,168	550,241
Investment - other	33,743	-
Accounts receivable	150,000	11,814
Prepaid expense	2,140	5,813
Other assets	1,150	1,150
Furniture & Equipment	1,000	26,078
Accumulated Depreciation	<u>(1,000)</u>	<u>(26,078)</u>
Total assets	<u>1,236,616</u>	<u>975,475</u>
LIABILITIES		
Accounts payable	2,620	42,621
Accrued expenses	<u>30,219</u>	<u>31,858</u>
Total liabilities	<u>32,839</u>	<u>74,479</u>
NET ASSETS		
With donor restrictions	1,027,423	717,949
Without donor restrictions	<u>176,354</u>	<u>183,047</u>
Total net assets	<u>1,203,777</u>	<u>900,996</u>
Total liabilities and net assets	<u>\$ 1,236,616</u>	<u>\$ 975,475</u>

The accompanying notes are an integral part of these financial statements.
Shifted public education into education that is why the big difference between categories.

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With summarized comparative totals for the year ended December 31, 2019)

			<u>2020</u>	<u>2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<i>REVENUES, GAINS AND OTHER SUPPORT</i>				
Contribution and dues	\$ 248,307	\$ 312,088	\$ 560,395	\$ 291,881
Legacies	-	-	-	119,416
Conference revenue	116,695	-	116,695	99,329
Investment income, net of fees of \$5,605	711	7,910	8,621	20,426
Media sales	6,139	-	6,139	7,124
Consulting income	12,385	-	12,385	-
In-kind contributions	-	-	-	4,520
Realized gains on investment	-	25,240	25,240	10,223
Unrealized gains on investment	-	50,140	50,140	66,441
Net assets release from restrictions	<u>85,904</u>	<u>(85,904)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>470,141</u>	<u>309,474</u>	<u>779,615</u>	<u>619,360</u>
<i>EXPENSES AND LOSSES</i>				
Program services:				
Repatriation and sacred sites	116,588	-	116,588	182,857
Education, children & youth	250,850	-	250,850	29,789
Other programs	<u>14,400</u>	<u>-</u>	<u>14,400</u>	<u>171,958</u>
Total Program services	381,838	-	381,838	384,604
General and administration	86,729	-	86,729	157,881
Fundraising	<u>8,267</u>	<u>-</u>	<u>8,267</u>	<u>29,993</u>
Total expenses and losses	<u>476,834</u>	<u>-</u>	<u>476,834</u>	<u>572,478</u>
Change in net assets	(6,693)	309,474	302,781	46,882
Net assets, beginning of year	<u>183,047</u>	<u>717,949</u>	<u>900,996</u>	<u>854,114</u>
Net assets, end of year	<u>\$ 176,354</u>	<u>\$ 1,027,423</u>	<u>\$ 1,203,777</u>	<u>\$ 900,996</u>

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ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With summarized comparative totals for the year ended December 31, 2019)

	<u>Program Services</u>			<u>Total Program</u>	<u>Supporting Services</u>		<u>2020</u>	<u>2019</u>
	<u>Repatriation and Sacred Sites</u>	<u>Education, Children & Youth</u>	<u>Other Programs</u>		<u>General & Administrative</u>	<u>Development/ Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 56,182	\$ 101,485	\$ 3,402	\$ 161,069	\$ 34,465	\$ 3,761	\$ 199,295	\$ 159,462
Payroll taxes	4,477	8,065	175	12,717	771	454	13,942	11,272
Employee fringe benefits	<u>10,802</u>	<u>21,374</u>	<u>661</u>	<u>32,837</u>	<u>2,428</u>	<u>923</u>	<u>36,188</u>	<u>30,515</u>
Total salaries and related expenses	71,461	130,924	4,238	206,623	37,664	5,138	249,425	201,249
Audit and accounting	-	-	-	-	32,900	-	32,900	32,250
Grants	-	8,400	-	8,400	-	-	8,400	5,400
Scholarships	-	27,750	-	27,750	-	-	27,750	27,750
Meetings and conferences	270	127	5	402	43	153	598	70,013
Occupancy	3,569	6,447	216	10,232	2,189	239	12,660	12,700
Board expenses	423	5,759	30	6,212	259	28	6,499	4,538
Contracted services	22,815	46,476	8,187	77,478	8,022	57	85,557	138,125
Office expenses	18,050	21,794	1,724	41,568	5,652	837	48,057	45,964
Travel	-	3,173	-	3,173	-	370	3,543	33,319
Filing fees	-	-	-	-	-	<u>1,445</u>	<u>1,445</u>	<u>1,170</u>
Total expenses	<u>\$ 116,588</u>	<u>\$ 250,850</u>	<u>\$ 14,400</u>	<u>\$ 381,838</u>	<u>\$ 86,729</u>	<u>\$ 8,267</u>	<u>\$ 476,834</u>	<u>\$ 572,478</u>

The accompanying notes are an integral part of these financial statements.
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ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With summarized comparative totals for the year ended December 31, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 302,781	\$ 46,882
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Realized (gains)/ losses on investment	(25,240)	(10,223)
Unrealized (gains)/ losses on investment	(50,140)	(66,441)
Other Investment income	(7,910)	-
Changes in operating assets and liabilities:		
Account receivable	(138,186)	(11,007)
Prepaid expense	3,673	300
Accounts payable	(40,001)	20,501
Accrued liabilities	(1,639)	12,539
Net cash provided (used) by operating activities	43,338	(7,449)
Cash flows from investing activities:		
Purchase of investments	(6,380)	(75,285)
Investment sales and maturities	-	90,887
Net cash provided (used) by investing activities	(6,380)	15,602
Net change in cash and cash equivalents	36,958	8,153
Cash and cash equivalents at beginning of year	406,457	398,304
Cash and cash equivalents at end of year	\$ 443,415	\$ 406,457

The accompanying notes are an integral part of these financial statements.
Shifted public education into education that is why the big difference between categories.

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - ORGANIZATION

The Association on American Indian Affairs, Inc. (the Association) is the oldest non-profit serving Indian 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 99-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 Tribes to support the implementation of programs that affect lives on the ground.

The Association is governed by an all-Native American Board of Directors from across Indian country. As a 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 American cultures and values are lived, protected and respected.

Programs Administered by the Reporting Entity

Repatriation and Sacred Sites

The Association on American Indian Affairs has built a national and international effort assisting Native Nations and communities in the United States with domestic and international repatriation. Repatriation is the return of Indigenous Ancestral remains, their burial belongings, and sacred and cultural objects back to their original Nations and communities.

Traditional religious and ceremonial practices of Native Americans are often inseparably bound to specific areas of land. Many of these sacred places are located on what is now public land and Western concepts of resource development, such as logging, mining and tourism, may conflict with the integrity of these sacred places.

Education, Children & Youth

The Association on American Indian Affairs has been providing Native American student scholarships since 1947 and provides scholarships to undergraduate and graduate Native American students who are citizens/ members of their Tribal Nation - whether or not their Nation is recognized by the federal government.

The Association on American Indian Affairs Scholarship Recipients are awarded a scholarship twice per year until they graduate, as long as the student maintains a 2.5 out of 4.0 and status as a full-time student. The Association Scholarship focuses on students who wish to obtain a degree and will work to serve their Tribal communities and Indian Country as a whole.

The Association on American Indian Affairs provides funding for summer camps who are connecting Native youth with cultural experiences as well as providing curriculum on health, wellness and self-care.

The Association began its advocacy in Indian child welfare issues in 1967 and its research and advocacy directly led to the enactment of the Indian Child Welfare Act of 1978. The Association has commenced a project to address the disparate treatment of Native Americans by the juvenile justice system and develop alternatives to incarceration for Native American youth who come into contact with the juvenile justice system.

Other Programs

The Association remains flexible to work on programs the protect the Cultural Sovereignty of Native Nations, such as advocating against violence against Indigenous Peoples, federal acknowledgment, language, climate change and other efforts.

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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 from 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:

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, where by the donor has stipulated the funds be maintained in perpetuity.

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 asset 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.

C. 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 recognized 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.

D. Cash and Cash Equivalent

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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Investments

The Financial Accounting and Standards Board issued Staff Position No. FAS 117-1, Endowments of Non-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 funds (see Note 11) 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 to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

F. Account Receivable

Account receivable are 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. During fiscal years 2020 and 2019, Account receivable has a balance of \$150,000 and \$11,814, respectively.

G. Property and equipment

Property and equipment are 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 \$1,000 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. All assets are fully depreciated at December 31, 2020.

H. 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.

I. 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 (1 ¼) days per month the second year; one and one half (1 ½) days per month the third year; and twenty (20) days per year after the third year.

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

I. Vacation Accrual - Cont'd

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 Executive Director. An employee may accrue annual leave from one year to the next year. Normally, the amount of annual leave that may be carried over shall not exceed 80 hours.

J. 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 market 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.

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.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, 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 4.

K. 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, 2020.

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, 2020 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 2017 - 2019.

L. Functional Expenses

The Association's operating costs have been allocated between program, management and general, 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, 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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

M. 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, 2019, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform to the current year presentation.

N. New Accounting Pronouncement

Revenue Recognition

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 expect 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 statements 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 is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Association maintains its cash accounts with few financial institutions. All time and savings deposits (which include money market deposit accounts, checking accounts and other interest-bearing accounts) maintained in an insured depository institution are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020, the Association's cash balances in banks before reconciling items totaled \$440,689 of which \$34,463 were uninsured.

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - INVESTMENTS

The Association's investments at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Fixed income	\$ 173,688	\$ 167,559
Equities	<u>466,223</u>	<u>382,682</u>
Total investments	<u>\$ 639,911</u>	<u>\$ 550,241</u>

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

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 14,226	\$ 25,704
Realized and unrealized gains/(losses)	75,380	76,664
Investment management fees	<u>(5,605)</u>	<u>(5,278)</u>
Total investment income, net	<u>\$ 84,001</u>	<u>\$ 97,090</u>

Fair Value Measurements

Information related to the Association's assets measured at fair value on a recurring basis at December 31, 2020 and 2019 are as follows:

<u>2020:</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Fixed Income	\$ 173,688	\$ 173,688	\$ -	\$ -
Equities	<u>466,223</u>	<u>466,223</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 639,911</u>	<u>\$ 639,911</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2019:</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Fixed Income	\$ 167,559	\$ 167,559	\$ -	\$ -
Equities	<u>382,682</u>	<u>382,682</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 550,241</u>	<u>\$ 550,241</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.

Other Investments:

These include shares of a privately held company which were donated to the Association. These shares are not traded in public market. Since there is no active market for these shares, these shares have been valued at quotes received from the company.

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - INVESTMENTS - CONT'D

Investment measured under the NAV practical expedient:

As a practical expedient, the Association is permitted under the authoritative guidance on fair value measurements to estimate fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. Investments measured under the net asset value practical expedient consist of the Association's government money market fund. This fund invests in U.S. government securities. The Association has performed due diligence regarding this investment to ensure NAV is an appropriate measure of fair value as of December 31, 2020.

NOTE 5 - COMPENSATED ABSENCES

Accumulated unpaid personal time off are 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 as of December 31, 2020 was \$6,452.

NOTE 6 - 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 \$4,520 for the year ended December 31, 2020 and 2019, respectively.

NOTE 7 - LEASE COMMITMENT

The Association has a sixty-month office equipment lease with required monthly payments of \$250. The lease expires in June 2021. Future minimum equipment and software lease payments under these leases for the years ending December 31, 2021 is \$1,500.

The Association also has a lease for office space. The lease calls for monthly payments of \$1,160, it was renewed for the period from June 2020 through June 2021. The Association ended the lease mutually on April 30, 2021.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Cash held by the Association in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. 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, 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.

Revenue - Three donors represented approximately 35% of total revenue in fiscal year 2020.

ASSOCIATION ON AMERICAN INDIAN AFFAIRS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 - PENSION PLAN

The Association has an Employee Saving Plan which approved by the Board of Directors. It is available for all employees. The Association shall provide matching contribution of at least 1% of salary for employees who are contemplated to earn at least \$5,000 or what is required by law. Retirement plan contributions for the year ended December 31, 2020 and 2019 were \$13,085 and \$8,000, respectively.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020, the Association's donor-restricted net assets consisted of the following:

	December 31, 2019	Additions	Releases	December 31, 2020
Available expenditure for:				
Juvenile Justice	\$ 22,285	\$ 29,988	\$ (16,969)	\$ 35,304
Medicine Wheel	4,457	-	-	4,457
Cultural Sovereignty campaign	1,217	-	(1,217)	-
Adoption project	40,391	-	(3,405)	36,986
Summer camps grants	-	6,000	(6,000)	-
National summer camps	-	126,000	(24,470)	101,530
Scholarships - University of Michigan	66,806	-	-	66,806
Scholarships	28,263	83,390	(33,843)	77,810
Time restricted	-	150,000	-	150,000
Donor-restricted endowments, available for appropriation for the following purposes:				
Scholarships - original gift	<u>554,530</u>	<u>-</u>	<u>-</u>	<u>554,530</u>
Total	<u>\$ 717,949</u>	<u>\$ 395,378</u>	<u>\$ (85,904)</u>	<u>\$ 1,027,423</u>

NOTE 11 - 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.

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NOTE 11 - ENDOWMENTS - CONT'D

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

	<u>2020</u>	<u>2019</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>

The activity in the Association's donor-restricted endowment funds for the year ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Endowment, beginning of year	\$ 582,793	\$ 509,169
Contributions	100	-
Investment activity	83,290	94,484
Appropriations	<u>(33,843)</u>	<u>(20,860)</u>
Endowment, end of year	<u>\$ 632,340</u>	<u>\$ 582,793</u>

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following table reflects the Association's financial assets as of December 31, 2020, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

The Association had the following financial assets that could readily be made available within one year to fund expenses without limitations:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 443,415	\$ 406,457
Accounts receivable	150,000	11,814
Investment	<u>639,911</u>	<u>550,241</u>
Total financial assets, at year end	1,233,326	968,512
Less: Those unavailable for general expenditure within one year, due to Donor restrictions	<u>(1,027,423)</u>	<u>(717,949)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 205,903</u>	<u>\$ 250,563</u>

The Association's primary sources of support are derived from contributions, legacies and conference registrations. Some of the support is required to be used in accordance with the purpose restrictions imposed by the donors. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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NOTE 13 - PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020, the Association received loan proceeds in the amount of \$33,333 under the Paycheck Protection Program (“PPP”), from M&T Bank. The PPP, established as part of the Corona Virus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying the Association for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying the Association. The loans and accrued interest are forgivable after eight weeks as long as the Borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% per year, with a deferral of payments for the first six months. The Association intends to use the proceeds for purpose consistent with the PPP. While the Association currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, the Association has plans in place to do everything necessary to meet the conditions for forgiveness of the loan, in whole or in part. The Association has submitted PPP loan forgiveness application on November 13, 2020 for total loan amount and it was approved and forgiven in full.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

Management has reviewed the change in the net assets and evaluated subsequent events through May 18, 2021, the date on which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID_19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

As the COVID_19 pandemics is complex and rapidly evolving. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position and cash flows.