



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**AMERICAN INDIAN SCIENCE AND  
ENGINEERING SOCIETY  
AND SUBSIDIARY**

**INDEPENDENT AUDITOR'S REPORT  
AND CONSOLIDATED  
FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2015  
With Comparative Totals For 2014**



**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
AND SUBSIDIARY**

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**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
AND SUBSIDIARY**

**OFFICIAL ROSTER**

**As of December 31, 2015**

**Board of Directors**

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Rick Stephens	Chair
Dr. Twyla Baker-Demaray	Vice Chair
Dr. James May	Treasurer
Paul Kabotie	Secretary
Mark Bellcourt	Member
Lisa Lone Fight	Member
Sheila Lopez	Member
Amber Finley	Member
Crystal Tulley-Cordova	Sr. National Student Rep.
Kory Joe	Jr. National Student Rep.

**Administration**

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Sara Echohawk	Chief Executive Officer
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## **Independent Auditor's Report**

To the Board of Directors  
American Indian Science and Engineering Society  
and Subsidiary

### **Report on Financial Statements**

We have audited the accompanying consolidated financial statements of the American Indian Science and Engineering Society and Subsidiary (collectively referred to as AISES, a not-for-profit corporation), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related consolidated 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 of 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the AISES as of December 31, 2015, and the consolidated 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.

**Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from AISES's financial statements for the year ended December 31, 2015 dated August 18, 2015. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for prior year comparative date, is based solely on the report of the other auditors. Those auditors expressed an unmodified opinion on those statements.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as identified in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 October 26, 2016 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 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 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.



Hinkle + Landers, P.C.  
Albuquerque, New Mexico  
October 26, 2016

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As of December 31, 2015, With Comparative Totals For 2014**

<b>Assets</b>	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Current Assets			
Cash and cash equivalents	2	\$ 198,727	422,497
Investments	3	490,135	496,580
Receivables	4,5		
Conference, net		104,797	325,979
Pledged receivable		165,000	82,500
Contribution, trade and other		449,014	261,163
Prepaid expense and deposits		19,574	53,170
Inventories		18,379	20,271
<b>Total current assets</b>		<u>1,445,626</u>	<u>1,662,160</u>
Noncurrent Assets			
Property and equipment, net	6	9,950	16,109
Deposits		5,702	6,703
Pledge receivable	5	-	165,000
<b>Total noncurrent Assets</b>		<u>15,652</u>	<u>187,812</u>
<b>Total Assets</b>		<u>\$ 1,461,278</u>	<u>1,849,972</u>
<b>Liabilities and Net Assets</b>			
Current Liabilities			
Accounts payable		\$ 15,608	7,972
Accrued liabilities		231,441	442,246
Deferred revenue		66,522	45,884
<b>Total Liabilities</b>		<u>313,571</u>	<u>496,102</u>
<b>Net Assets</b>			
Unrestricted			
AISES		(86,003)	109,658
Board designated		58,500	58,500
Noncontrolling interest in AISES Publishing, Inc.		15,496	28,190
Temporarily restricted	9	638,551	651,540
Permanently restricted	10	521,163	505,982
<b>Total Net Assets</b>		<u>1,147,707</u>	<u>1,353,870</u>
<b>Total Liabilities and Net Assets</b>		<u>\$ 1,461,278</u>	<u>1,849,972</u>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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CONSOLIDATED STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2015, With Comparative Totals For 2014**

<b>Support, Revenue and Gains</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total 2015</b>	<b>Total 2014</b>
Conference registration	\$ 291,786	-	-	<b>291,786</b>	198,054
Individual	78,133	-	33,334	<b>111,467</b>	83,144
Non-profit/ Tribes	83,506	-	-	<b>83,506</b>	72,623
Corporate	741,863	-	-	<b>741,863</b>	734,309
Foundation	337,763	-	-	<b>337,763</b>	490,320
Grants-federal	447,264	-	-	<b>447,264</b>	244,959
Grants-state and other	543,210	-	-	<b>543,210</b>	350,315
Membership fees	84,175	-	-	<b>84,175</b>	77,636
Investment income	3,938	(6,444)	-	<b>(2,506)</b>	25,579
Subscription sales	3,654	-	-	<b>3,654</b>	4,276
Other, net	138,163	-	-	<b>138,163</b>	112,216
Advertising Income	299,799	-	-	<b>299,799</b>	318,185
Digital revenue	50,805	-	-	<b>50,805</b>	33,198
Interest Income	75	-	-	<b>75</b>	-
Net assets released from restrictions	24,698	(6,545)	(18,153)	-	-
<b>Total Support and Revenue</b>	<b>\$ 3,128,832</b>	<b>(12,989)</b>	<b>15,181</b>	<b>3,131,024</b>	<b>2,744,814</b>
<b>Expenses</b>					
<b>Program services</b>					
Conference	\$ 817,265	-	-	<b>817,265</b>	919,999
Training and development	247,376	-	-	<b>247,376</b>	375,281
Publishing	310,860	-	-	<b>310,860</b>	313,928
Scholarships	318,736	-	-	<b>318,736</b>	295,472
Other	682,938	-	-	<b>682,938</b>	105,351
Internships	29,316	-	-	<b>29,316</b>	66,190
Education and outreach	217,177	-	-	<b>217,177</b>	851
	<u>2,623,668</u>	<u>-</u>	<u>-</u>	<b>2,623,668</b>	2,077,072
<b>Supporting services</b>					
Management and general	536,374	-	-	<b>536,374</b>	630,983
Fund-raising	177,145	-	-	<b>177,145</b>	148,131
	<u>713,519</u>	<u>-</u>	<u>-</u>	<b>713,519</b>	779,114
<b>Total expenses</b>	<b>3,337,187</b>	<b>-</b>	<b>-</b>	<b>3,337,187</b>	<b>2,856,186</b>
<b>Change in net assets</b>	<b>(208,355)</b>	<b>(12,989)</b>	<b>15,181</b>	<b>(206,163)</b>	<b>(111,372)</b>
Less: Change in net assets attributable to noncontrolling interest in AISES Publishing, Inc.	-	-	-	-	2,857
<b>Change in net assets attributable to AISES</b>	<b>(208,355)</b>	<b>(12,989)</b>	<b>15,181</b>	<b>(206,163)</b>	<b>(108,515)</b>
Net assets, beginning of year	196,348	651,540	505,982	<b>1,353,870</b>	1,462,385
Net assets, end of year	<b>\$ (12,007)</b>	<b>638,551</b>	<b>521,163</b>	<b>1,147,707</b>	<b>1,353,870</b>



**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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CONSOLIDATED STATEMENT OF CASH FLOWS  
For The Year Ended December 31, 2015, With Comparative Totals For 2014**

	<b>2015</b>	2014
<b>Cash Flows From Operating Activities</b>		
Cash received from support and revenue funding sources	\$ 3,269,924	2,061,930
Cash received from interest	75	-
Cash paid to employees and suppliers	(3,487,324)	(2,359,346)
Cash paid for interest	-	(28,751)
Net cash provided (used) by operating activities	(217,325)	(326,167)
<b>Cash Flows From Investing Activities</b>		
Cash paid for investments	(31,906)	(320,970)
Proceeds from sale of investments	25,461	324,357
Net cash provided (used) by investing activities	(6,445)	3,387
Net increase (decrease) in cash and cash equivalents	(223,770)	(322,780)
Cash and cash equivalents, beginning of year	422,497	745,277
Cash and cash equivalents at end of year	\$ 198,727	422,497

**Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities**

<b>Change in Net Assets</b>	(206,163)	(111,372)
<b>Adjustments to reconcile change in net assets to cash provided (used) by operating activities:</b>		
Depreciation expense and amortization	3,643	19,124
Adjustment of fixed assets	2,515	-
Bad debt expense	8,757	23,785
Net realized and unrealized (gains) loss on sales of investments	2,506	(25,579)
Noncontrolling interest in API losses (earnings)	-	2,857
(Increase) decrease in receivables	115,831	(535,772)
(Increase) decrease in prepaid expenses	33,596	(1,963)
(Increase) decrease in inventories	1,892	2,838
Increase (decrease) in accounts payable and accrued liabilities	(200,540)	421,448
Increase (decrease) in deferred revenue	20,638	(121,533)
Net cash provided (used) by operating activities	\$ (217,325)	(326,167)

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For The Year Ended December 31, 2015, With Comparative Totals For 2014**

**NOTE 1—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

American Indian Science and Engineering Society (AISES) is a not-for-profit organization located in Albuquerque, New Mexico. AISES was formed in 1977 to promote educational opportunities for Native American Indian youth in the science and engineering fields. In 1985, AISES created a majority-owned subsidiary called AISES Publishing, Inc. (AISES Publishing), a for-profit company, to print and circulate literature pertaining to the American Indian's position in society.

AISES's program service descriptions follow:

*Training and Development*—Through a variety of educational programs, AISES offers financial, academic and cultural support to American Indians and Alaska Natives from middle school through graduate school. AISES provides professional development activities to enable teachers to work effectively with Native American Indian and Alaska Native students. AISES builds partnerships with tribes, schools, and other not-for-profit organizations, corporations, foundations and government agencies to realize its goals.

*Conference*—The national conference is AISES's major event hosted every year for its constituents, and the Career Fair offers companies a unique forum for recruiting Native American Indian students and professionals. Approximately 1,200 people attend the conference each year, with more than half of those being Native American Indian high school and college students.

*Scholarships*—AISES scholarships are awarded to undergraduate and graduate students, who are members of AISES, for leadership and academic achievement. AISES administers six types of scholarships: the A.T. Anderson Memorial Scholarships; the Burlington Northern Santa Fe Foundation Scholarship; the INTEL Scholarship; the Google Scholarship; Leadership Travel Scholarships and National Conference Travel Scholarships.

*Publishing*—AISES Publishing produces and distributes AISES's quarterly magazine, Winds of Change, and the Annual College Guide.

*Internships*—The AISES Internship Program is a summer program that provides qualified college students with internship opportunities to explore careers with non-governmental organizations and the federal service. AISES currently administers five internship programs to explore careers with non-governmental organizations and the federal service.

A summary of significant accounting policies consistently applied in the presentation of the accompanying consolidated financial statements follows:

**Financial Statement Presentation**

The consolidated financial statements include the accounts of AISES and its 88.8% owned subsidiary, AISES Publishing, Inc. (API). All material inter-organization transactions have been eliminated. The consolidated financial statements do not include the financial activities of AISES's various self-directed professional chapter organizations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For The Year Ended December 31, 2015, With Comparative Totals For 2014**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than received, and expenses are recognized when the related liability is incurred rather than when paid.

**Basis of Presentation**

AISES prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and 958-605, and subsections. Under the guidance expressed in these statements, an organization's net assets and its revenues, expenses, gains and losses are classified based on whether they are restricted by donors. Amounts for each of these three classes of net assets; permanently restricted, temporarily restricted, and unrestricted, are required to be displayed in a statement of financial position and amounts of change in each of these classes of net assets are required to be displayed in a statement of activities. Recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire is required. Expirations of restrictions that simultaneously increase one class of net assets and decrease another (reclassifications) are reported separately from other transactions in the statement of activities.

Amounts for AISES's total assets, liabilities and net assets are to be reported in a statement of financial position; the change in AISES's net assets is reported in a statement of activities; and the change in its cash and cash equivalents is reported in a statement of cash flows.

**Net Assets**

Unrestricted net assets represent unrestricted contributions received from donors. They also arise from the expirations of existing temporary restrictions, or from revenues received in the course of on-going operations.

Temporarily restricted net assets are resources received from donor contributions and reinvested earnings on the related investments, which are designated to be expended for a specific purpose or within a specified time. Distributions are made pursuant to donor's requests.

Permanently restricted net assets are designated for endowment purposes pursuant to the Board of Director's resolution and monies that have been appropriated for expenditures but are retained in the investment portfolio to earn better returns.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

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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 differ from those estimates.

**Cash and Cash Equivalents**

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

**Investments**

Investments consist primarily of cash and cash equivalents, equities, and fixed income securities, and are stated at quoted fair market value (FMV). Investment income, and realized and unrealized gains or losses are considered unrestricted, temporarily restricted, and permanently restricted income per donor restrictions or management spending policy. Management fees related to investment activity were \$4,002 and \$3,524 in 2015 and 2014, respectively.

**Contributions**

All contributions are considered available for AISES's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Contributions receivable represent unconditional promises to give and are recognized as revenues or gains in the period the pledge is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions receivable are considered fully collectible at December 31, 2015 and 2014.

**Conference Receivables**

Conference receivables represent receivables for conference registration, sponsorship, and exhibitor fees. Bad debts are recognized on the direct write-off method based on management's evaluation of outstanding conference receivables. Bad debt expense was \$8,757 and \$23,785 as of December 31, 2015 and 2014, respectively.

**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.

**Inventories**

Inventories consist mainly of blankets and apparel held for resale. Purchased inventory is valued at the lower of cost or market (first in, first out). Contributed inventory is recorded at fair market value at the date of donation.

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**Deferred Revenue**

Revenue from membership dues is deferred and recognized in the period to which the dues relate. Deferred revenue consists primarily of amounts for scholarships, national conference, science fair and leadership summit sponsorships received in advance of the awarding of the scholarship or date of the event.

**Property and Equipment**

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

**Donated Services and Materials**

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

**Treasury Stock**

Treasury stock is shown at cost, and as of December 31, 2015 and 2014, consists of 101 shares of common stock.

**Advertising/Promotion**

Advertising/promotion costs are expensed as incurred. For the years ended December 31, 2015 and 2014, advertising expenses incurred totaled \$40,316 and \$14,023, respectively.

**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 foundation. 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. AISES is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2012. The organization is not currently under audit nor has the organization been contacted by any of these jurisdictions.

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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, 2015 or 2014.

**Functional Allocation of Expenses**

The costs of providing AISES's various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Summary of Fair Value Exposure**

*Fair Value Measurements* defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price.

To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

- Level 1: Quoted prices in active markets for identical securities
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, valuations obtained from third party pricing services for identical or similar assets, etc.)
- Level 3: Significant unobservable inputs (including the organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing AISES's financial assets and liabilities are not indicators of the risks associated with those instruments.

**Financial Instruments**

The carrying amounts of cash, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments.

**Prior Year Comparative Totals**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AISES's consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**Reclassifications**

Certain prior year amounts may have been reclassified to be consistent with the current year presentation.

**NOTE 2—CASH AND CASH EQUIVALENTS**

AISES maintains its cash balances with local financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At times during fiscal years 2015 and 2014, AISES had bank deposits in excess of FDIC insurance limits. However, management felt the risks related to these balances were within an acceptable range. As of December 31, 2015, AISES's cash balances were fully insured.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For The Year Ended December 31, 2015, With Comparative Totals For 2014**

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

	<u>2015</u>	<u>2014</u>
Checking - Operating	\$ 25,740	170,220
Checking - National Conference	6,219	3,763
Checking - Development and Membership	21,441	6,347
Checking - API	105,661	104,158
Savings	39,466	137,809
Petty Cash	200	200
Total cash and cash equivalents	<u>\$ 198,727</u>	<u>422,497</u>

**NOTE 3—INVESTMENTS**

The following table sets forth by level, within the fair value hierarchy, AISES's assets at fair value as of December 31, 2015 and 2014.

	<u>Level 1</u>	
	<u>2015</u>	<u>2014</u>
Cash Equivalents	\$ 51,742	47,047
Fixed Income		
Intermediate Term Bond	106,249	108,450
World Bond	20,295	21,844
Short Term Bond	20,930	21,010
High Yield Bond	19,065	20,722
Bank Loan	19,355	20,393
Equity Securities		
Large Cap Blend	59,973	63,613
Large Cap Growth	68,908	63,545
Large Value	59,087	62,449
Mid Cap Blend	43,561	44,065
Small Cap Blend	13,578	15,198
Mid Cap Value	7,392	8,244
	<u>\$ 490,135</u>	<u>496,580</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

*Cash equivalents:* Valued at net realizable value.

*Equities and fixed income securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management 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 fair value measurement at the reporting date.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For The Year Ended December 31, 2015, With Comparative Totals For 2014**

**NOTE 4—RECEIVABLES**

Receivables at December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Conference, net	\$ <b>104,797</b>	325,979
Contribution, trade and other	<b>449,014</b>	261,163
Pledged receivables	<b>165,000</b>	247,500
Total accounts receivable	\$ <b>718,811</b>	834,642

**NOTE 5—PLEDGES RECEIVABLE**

Pledges receivable are discounted and recorded at the net present value of estimated future cash flows, unless this discount is determined by management to be immaterial. At December 31, 2015 management did determine that this discount would be immaterial. All pledges receivable are from one donor at December 31, 2015. AISES believes that all pledges receivable will be fully collectible when due and, therefore, has not recorded an allowance on pledges receivable. Pledges receivable were \$165,000 at December 31, 2015 and \$247,500 at December 31, 2014.

Contributions receivable consist of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Receivables due in less than one year	\$ <b>165,000</b>	82,500
Receivables due in less than one to five year	-	165,000
	\$ <b>165,000</b>	247,500

**NOTE 6—PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>2015</u>
Computer	\$ 149,136	-	-	(2,515)	<b>146,621</b>
Furniture	17,934	-	-	-	<b>17,934</b>
Office	14,410	-	-	-	<b>14,410</b>
Intangible	30,471	-	-	-	<b>30,471</b>
Leasedhold improvements	15,681	-	-	-	<b>15,681</b>
Art collection	6,500	-	-	-	<b>6,500</b>
Total property and equipment	234,132	-	-	(2,515)	<b>231,617</b>
Less accumulated depreciation	(218,023)	(3,644)	-	-	<b>(221,667)</b>
Property and equipment, net	\$ 16,109	(3,644)	-	(2,515)	<b>9,950</b>

**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 \$5,462 and \$5,922 to the Plan during 2015 and 2014, respectively.



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**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

*Operating Leases*

AISES leases equipment under operating lease agreements expiring in various years through 2017. Additionally, AISES leases its office facilities, in Albuquerque, NM and Longmont CO, under two non-cancelable operating leases which will expire in 2017 and 2016, respectively.

Minimum future lease payments follow:

2016	\$	94,573
2017		<u>58,310</u>
Total	\$	<u>152,883</u>

Along with the operating leases as mentioned above, AISES enters into other month-to-month operating lease agreements. Total rental expense for all leases was \$123,170 and \$131,287 in 2015 and 2014, respectively.

*Legal Matters*

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

*Concentration of Credit Risk*

AISES has a repurchase agreement that is collateralized by securities whose market value may be less than the principal of the repurchase agreement. AISES has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

*Major Contributors*

For the year ended December 31, 2014, AISES received contributions totaling \$330,000 from one major contributor. Related pledge receivable outstanding at December 31, 2015 was \$165,000.

*Capital Leases*

AISES had no capital lease obligations for the year ended December 31, 2015.

**NOTE 9—TEMPORARILY RESTRICTED NET ASSETS**

Contributions have been temporarily restricted for the following purposes:

<u>Program</u>	<u>2014</u>	<u>Restricted Contributions</u>	<u>Released</u>	<u>2015</u>
Scholarships	\$ 552,597	427,642	(341,688)	<b>638,551</b>
Endowment	56,495	-	(56,495)	-
Other	42,448	-	(42,448)	-
Total Temporarily Restricted	\$ <u>651,540</u>	<u>427,642</u>	<u>(440,631)</u>	<b><u>638,551</u></b>

Net assets were released from restriction by incurring expenditures satisfying donor intent, or by the expiration of time restrictions.

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**NOTE 10—PERMANENTLY RESTRICTED NET ASSETS**

In 2013, \$585,000 of permanently restricted net assets associated with one fund were released from restriction based on a legal opinion from AISES legal counsel that this fund was not permanently restricted but Board designated. The Board has elected to keep 10% of this fund or \$58,500 as Board designated going forward.

**NOTE 11—ENDOWMENTS**

AISES's endowment funds include donor-restricted assets. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Endowment Net Assets Composition by Type of Fund as of December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (14,792)	-	521,163	506,371
Total funds	\$ (14,792)	-	521,163	506,371

**Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2015**

Endowment net assets, beginning of year	\$ -	12,997	487,829	500,826
Investment return				
Interest and dividends, net of management fees	-	4,565	-	4,565
Net realized and unrealized gains	-	(11,009)	-	(11,009)
Total investment return	-	(6,444)	-	(6,444)
Contributions	-	-	33,334	33,334
Withdrawals	(21,345)	-	-	(21,345)
Reclassification of temporarily restricted investment return	6,553	(6,553)	-	-
Endowment net assets, end of year	\$ (14,792)	-	521,163	506,371

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**Endowment Net Assets Composition by Type of Fund as of December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	12,997	487,829	500,826
Total funds	\$ -	12,997	487,829	500,826

**Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	13,882	391,163	405,045
Investment return				
Interest and dividends, net of management fees	-	1,611	-	1,611
Net realized and unrealized gains	-	7,310	-	7,310
Total investment return	-	8,921	-	8,921
Contributions	-	-	96,666	96,666
Withdrawals	-	(9,806)	-	(9,806)
Reclassification of temporarily restricted investment return	-	-	-	-
Endowment net assets, end of year	\$ -	12,997	487,829	500,826

**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 of return experienced for each asset class in AISES's Investment Policy Statement. AISES recognizes the need to accept the inherent risks 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 non-correlation between asset classes.

**Strategies Employed for Achieving Objectives**

The Board believes that AISES's 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's 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

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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's objective to maintain the purchasing power of the endowment assets held in perpetuity.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or accounting standard requires AISES to retain as a fund in perpetuity. In accordance with accounting policies generally accepted in the United States of America, the deficiencies are reported as unrestricted net assets. There was such a deficiency as of December 31, 2015 as shown in the previous table.

Deficit Endowment Corpus

Deficit endowment corpus was as follows:

<u>Endowment Investments</u>	<u>2015</u>	<u>2014</u>
Cash Equivalents	\$ 51,742	47,047
Fixed Income	185,894	192,419
Equity Securities	<u>252,499</u>	<u>257,114</u>
Total endowment investments	\$ <u>490,135</u>	<u>496,580</u>
Permanently restricted endowment	\$ 521,163	487,829
Investment account ending balance	<u>490,135</u>	<u>496,580</u>
Deficit in endowment corpus	\$ <u>(31,028)</u>	<u>8,751</u>

**NOTE 12—LINE-OF-CREDIT**

In April 2012, AISES entered into an unsecured line-of-credit with a financial institution that allows for up to \$500,000 to be drawn upon as needed. In November 2014, the agreement was amended to allow for up to \$300,000 to be drawn upon as needed. The line-of-credit bears variable interest at prime (3.25% at December 31, 2015) plus 1.00%, with a floor of 5.00%, and required monthly payments of interest only. The balance was zero at December 31, 2015 and 2014, respectively. The line-of-credit matures September 2016. Management intends to renew the line-of-credit under similar terms and conditions.

**NOTE 13—SERVICE AGREEMENT**

During 2011, API entered into a contract with an editorial company to provide editorial and managerial services for AISES's magazine, *Winds of Change* and AISES's Annual College Guide. The contract stipulates payments will be based on net revenues for the publication where the editorial company is to receive 40% of net revenues.

Administrative and commissions expenses were \$43,911 and \$43,809 in December 31, 2015 and 2014, respectively.

**NOTE 14—LOSS ON INVESTMENT**

AISES holds 88% ownership interest in API. In 2013, API made a loan of \$100,000 to AISES for operating capital. In the current year, AISES paid off the note to API effectively reducing AISES' investment in API and increasing the loss on investment to \$101,067. It should be noted that both the investment in API and the loss on investment are eliminated in the consolidated statement of activities.

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**NOTE 15—EVALUATION OF SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the financial statements are issued. AISES recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the financial statements. AISES's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before consolidated financial statements are available to be issued. The organization has evaluated subsequent events through October 26, 2016, which is the date the financial statements were available to be issued.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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As of December 31, 2015, With Comparative Totals For 2014**

	AISES	AISES Publishing, Inc.	Consolidation	2015	2014
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 93,066	105,661	-	198,727	422,497
Investments	490,135	-	-	490,135	496,580
Receivables					
Conference, net	110,691	-	(5,894)	104,797	325,979
Pledged receivable	165,000	-	-	165,000	82,500
Contribution, trade and other	409,452	39,562	-	449,014	261,163
Prepaid expense	19,574	-	-	19,574	53,170
Inventories	18,379	-	-	18,379	20,271
<b>Total current assets</b>	<b>1,306,297</b>	<b>145,223</b>	<b>(5,894)</b>	<b>1,445,626</b>	<b>1,662,160</b>
Investment in API	123,225	-	(123,225)	-	-
Property and equipment, net	9,950	-	-	9,950	16,109
Deposits	5,702	-	-	5,702	6,703
Pledge receivable	-	-	-	-	165,000
<b>Total assets</b>	<b>\$ 1,445,174</b>	<b>145,223</b>	<b>(129,119)</b>	<b>1,461,278</b>	<b>1,849,972</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities					
Accounts payable	\$ 15,000	6,502	(5,894)	15,608	7,972
Accrued and payroll related liabilities	231,441	-	-	231,441	442,246
Deferred revenue	66,522	-	-	66,522	45,884
<b>Total current liabilities</b>	<b>312,963</b>	<b>6,502</b>	<b>(5,894)</b>	<b>313,571</b>	<b>496,102</b>
Note Payable to API	-	-	-	-	-
<b>Total liabilities</b>	<b>312,963</b>	<b>6,502</b>	<b>(5,894)</b>	<b>313,571</b>	<b>496,102</b>
<b>Net Assets</b>					
Unrestricted					
AISES	(86,003)	-	-	(86,003)	109,658
Board designated	58,500	-	-	58,500	58,500
Noncontrolling interest in API	-	-	15,496	15,496	28,190
Temporarily restricted	638,551	-	-	638,551	651,540
Permanently restricted	521,163	-	-	521,163	505,982
Common Stock	-	101	(101)	-	-
(Less) Treasury Stock, 101 common shares, at cost	-	(101)	101	-	-
Retained earnings	-	138,721	(138,721)	-	-
<b>Total net assets</b>	<b>1,132,211</b>	<b>138,721</b>	<b>(123,225)</b>	<b>1,147,707</b>	<b>1,353,870</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,445,174</b>	<b>145,223</b>	<b>(129,119)</b>	<b>1,461,278</b>	<b>1,849,972</b>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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CONSOLIDATING STATEMENTS OF ACTIVITIES  
AND CHANGES IN NET ASSETS  
For the Year Ended December 31, 2015, With Comparative Totals For 2014**

	AISES	AISES Publishing, Inc.	Consolidation	2015	2014
<b>Support, Revenues and Gains</b>					
Conference registration	\$ 291,786	-	-	291,786	198,054
Individual	111,467	-	-	111,467	83,144
Non-profit/ Tribes	83,506	-	-	83,506	72,623
Corporate	921,863	-	(180,000)	741,863	734,309
Foundation	337,763	-	-	337,763	490,320
Grants-federal	447,264	-	-	447,264	244,959
Grants-state and other	543,210	-	-	543,210	350,315
Membership fees	84,175	-	-	84,175	77,636
Investment income	(2,506)	-	-	(2,506)	25,579
Subscription sales	-	3,654	-	3,654	4,276
Other, net	119,106	19,057	-	138,163	112,216
Advertising income	-	299,799	-	299,799	318,185
Digital revenue	-	50,805	-	50,805	33,198
Interest income	75	3,784	(3,784)	75	-
(Loss)gain on investment in subsidiary	(101,067)	-	101,067	-	-
<b>Total Support, Revenue and Gains</b>	<b>\$ 2,836,642</b>	<b>377,099</b>	<b>(82,717)</b>	<b>3,131,024</b>	<b>2,744,814</b>
<b>Expenses</b>					
<b>Program Services</b>					
Conference	\$ 817,265	-	-	817,265	919,999
Training and Development	247,376	-	-	247,376	375,281
AISES Publishing, Inc.	-	490,860	(180,000)	310,860	313,928
Scholarships	318,736	-	-	318,736	295,472
Other	682,938	-	-	682,938	105,351
Internships	29,316	-	-	29,316	66,190
Education and Outreach	217,177	-	-	217,177	851
<b>Total program services</b>	<b>2,312,808</b>	<b>490,860</b>	<b>(180,000)</b>	<b>2,623,668</b>	<b>2,077,072</b>
<b>Supporting Services</b>					
Management and General	540,160	-	(3,786)	536,374	630,983
Fundraising	177,145	-	-	177,145	148,131
<b>Total supporting services</b>	<b>717,305</b>	<b>-</b>	<b>(3,786)</b>	<b>713,519</b>	<b>779,114</b>
<b>Total Expenses</b>	<b>3,030,113</b>	<b>490,860</b>	<b>(183,786)</b>	<b>3,337,187</b>	<b>2,856,186</b>
Change in net assets	(193,471)	(113,761)	101,069	(206,163)	(111,372)
(Less) Change in net assets attributable to noncontrolling interest in API	-	-	-	-	2,857
<b>Change in net assets attributable to AISES</b>	<b>(193,471)</b>	<b>(113,761)</b>	<b>101,069</b>	<b>(206,163)</b>	<b>(108,515)</b>
Net assets at beginning of year	1,325,682	252,482	(224,294)	1,353,870	1,462,385
<b>Net assets at end of year</b>	<b>\$ 1,132,211</b>	<b>138,721</b>	<b>(123,225)</b>	<b>1,147,707</b>	<b>1,353,870</b>

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2015, With Comparative Totals For 2014**

	Program Services							Total Program Services
	Conference	Training and Development	API	Internships	Scholarships	Education and Outreach	Other	
Salaries	\$ 26,897	124,985	-	16,840	-	100,074	135,385	404,181
Payroll taxes	2,396	11,048	-	1,748	-	8,541	12,837	36,570
Employee benefits	1,738	4,522	-	-	-	4,844	19,810	30,914
Bank charges	20,605	-	3,271	-	-	-	10,342	34,218
Professional fees	258,287	43,209	89,170	-	-	14,678	33,595	438,939
Convention costs	363,056	-	-	-	-	-	47,421	410,477
Awards/gifts and scholarships	32,651	-	180,000	-	311,736	392	991	525,770
Printing and copying	18,992	1,512	147,949	-	-	720	790	169,963
Participant costs and stipends	-	-	-	-	-	12,205	260,152	272,357
Office expense	-	-	714	-	-	-	-	714
Travel	10,248	19,118	2,663	10,728	-	34,298	123,120	200,175
Occupancy	-	30,217	-	-	-	26,528	-	56,745
Computer service and related	13,254	3,715	-	-	7,000	3,637	19,142	46,748
Postage and shipping	1,724	90	16,074	-	-	590	-	18,478
Bad debt expense	-	-	-	-	-	-	-	-
Material and supplies	5,645	-	-	-	-	4,316	5,252	15,213
Telephone and communications	204	1,430	-	-	-	444	1,282	3,360
Meals and entertainment	2,739	532	-	-	-	-	2,888	6,159
Contributions and donations	-	5,000	-	-	-	-	857	5,857
Dues and subscriptions	4,839	1,078	-	-	-	4,889	-	10,806
Advertising	38,682	587	-	-	-	258	458	39,985
Meetings expense	15,308	333	-	-	-	763	8,616	25,020
Interest expense	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Profit sharing	-	-	51,019	-	-	-	-	51,019
	<u>\$ 817,265</u>	<u>247,376</u>	<u>490,860</u>	<u>29,316</u>	<u>318,736</u>	<u>217,177</u>	<u>682,938</u>	<u>2,803,668</u>



**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
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CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES, CONTINUED  
For the Year Ended December 31, 2015, With Comparative Totals For 2014**

	Supporting Services			Elimin- Ations	Total	
	Management and General	Fundraising	Total Supporting Services		2015	2014
Salaries	\$ 163,429	92,532	255,961	-	660,142	504,903
Payroll taxes	16,255	8,672	24,927	-	61,497	51,306
Employee benefits	60,073	5,298	65,371	-	96,285	98,097
Bank charges	14,662	-	14,662	-	48,880	27,309
Professional fees	111,086	43,249	154,335	-	593,274	608,363
Convention costs	-	-	-	-	410,477	356,307
Awards/gifts and scholarships	114	-	114	(180,000)	345,884	404,698
Printing and copying	4,329	1,512	5,841	-	175,804	211,614
Participant costs and stipends	-	-	-	-	272,357	98,604
Office expense	6,029	-	6,029	-	6,743	18,992
Travel	15,758	16,613	32,371	-	232,546	144,529
Occupancy	66,425	-	66,425	-	123,170	106,468
Computer service and related	41,904	5,840	47,744	-	94,492	43,522
Postage and shipping	1,667	34	1,701	-	20,179	24,947
Bad debt expense	8,757	-	8,757	-	8,757	23,785
Material and supplies	5,136	-	5,136	-	20,349	9,006
Telephone and communications	8,306	1,582	9,888	-	13,248	16,784
Meals and entertainment	1,914	402	2,316	-	8,475	3,100
Contributions and donations	-	-	-	-	5,857	-
Dues and subscriptions	715	1,078	1,793	-	12,599	16,401
Advertising	331	-	331	-	40,316	14,023
Meetings expense	5,841	333	6,174	-	31,194	4,965
Interest expense	3,786	-	3,786	(3,786)	-	3,172
Depreciation	3,643	-	3,643	-	3,643	19,124
Profit sharing	-	-	-	-	51,019	45,764
	<u>\$ 540,160</u>	<u>177,145</u>	<u>717,305</u>	<u>(183,786)</u>	<u>3,337,187</u>	<u>2,855,783</u>

**INDEPENDENT AUDITOR'S REPORT 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***

To the Board of Directors of  
American Indian Science and Engineering Society  
And Subsidiary  
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, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered AISES's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AISES's internal control. Accordingly, we do not express an opinion on the effectiveness of AISES'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether AISES'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 determination of financial statement amounts. However,

October 26, 2016

**Independent Auditor's Report 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*, continued**

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providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hinkle & Landers, P.C.*

Hinkle + Landers, P.C.  
Albuquerque, NM  
October 26, 2016

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY  
AND SUBSIDIARY**

**Schedule of Findings and Responses  
For The Year Ended December 31, 2015**

<b>Findings</b>	<b>Status of Current and Prior Year Findings</b>	<b>Type of Finding</b>
<b>Prior Year Findings</b>		
2014-001 RECOGNITION OF GRANT REVENUE	<b>Resolved</b>	<b>A</b>
2014-002 DUPLICATE POSTING OF REVENUE	<b>Resolved</b>	<b>A</b>

**Current Year Findings**

None

\* Legend for Type of Findings

- A.** Material Weakness in Internal Control Over Financial Reporting
- B.** Significant Deficiency in Internal Control Over Financial Reporting
- C.** Other Matters Involving Internal Control Over Financial Reporting