

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Indian Science and Engineering Society and Subsidiary (collectively referred to as AISES, a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AISES, as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 American Indian Science and Engineering Society adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AISES's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AISES's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023, on our consideration of AISES's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AISES's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AISES's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
September 27, 2023

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,668,688	\$ 2,098,451
Restricted Cash	70,499	56,728
Receivables:		
Trade and Other	747,827	927,540
Grants	684,849	568,074
Inventory	10,449	13,502
Prepaid Expenses	94,946	54,778
Total Current Assets	3,277,258	3,719,073
NONCURRENT ASSETS		
Investments	490,328	572,854
Property and Equipment, Net	6,500	6,500
Operating Right-of-Use Asset, Net	756,673	-
Deposits	17,230	22,164
Total Noncurrent Assets	1,270,731	601,518
Total Assets	\$ 4,547,989	\$ 4,320,591
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 522,888	\$ 256,924
Accrued Payroll and Related Liabilities	131,866	96,455
Deferred Revenue	286,795	527,003
Current Lease Liability - Operating	92,336	-
Conditional Grants	-	7,136
Loans Payable - Current Portion	3,640	-
Total Current Liabilities	1,037,525	887,518
NONCURRENT LIABILITIES		
Agency Liabilities	70,499	56,728
Long-Term Lease Liability - Operating, Less Current Portion	697,598	-
Loan Payable	146,152	153,312
Total Noncurrent Liabilities	914,249	210,040
Total Liabilities	1,951,774	1,097,558
NET ASSETS		
Without Donor Restrictions:		
AISES	(431,623)	459,056
Board-Designated	48,011	59,698
Noncontrolling Interest in AISES Publishing, Inc.	1,199	1,199
Total Without Donor Restrictions	(382,413)	519,953
With Donor Restrictions:		
Perpetual in Nature	132,500	130,000
Subject to Appropriation	272,724	348,214
Purpose Restrictions	2,573,404	2,224,866
Total With Donor Restrictions	2,978,628	2,703,080
Total Net Assets	2,596,215	3,223,033
Total Liabilities and Net Assets	\$ 4,547,989	\$ 4,320,591

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
In-Kind	\$ 2,348,848	\$ -	\$ 2,348,848
Corporate	2,593,799	466,565	3,060,364
Grants - Federal	1,734,753	-	1,734,753
State and Other	464,156	-	464,156
Foundation	1,232,020	553,573	1,785,593
Advertising Income	598,791	-	598,791
Conference Registration	375,653	-	375,653
Individual	209,157	2,500	211,657
Other	187,951	-	187,951
Nonprofit/Tribes	422,228	148,902	571,130
Educational Institute	156,902	-	156,902
Membership Fees	136,981	-	136,981
Net Investment Income	(6,284)	(61,960)	(68,244)
Net Assets Released from Restrictions	834,032	(834,032)	-
Total Revenue, Support, and Gains	<u>11,288,987</u>	<u>275,548</u>	<u>11,564,535</u>
EXPENSES AND LOSSES			
Program Services Expense	10,260,762	-	10,260,762
Supporting Services Expenses:			
Management and General	1,076,587	-	1,076,587
Fundraising	854,004	-	854,004
Total Supporting Services Expenses	<u>1,930,591</u>	<u>-</u>	<u>1,930,591</u>
Total Expenses	<u>12,191,353</u>	<u>-</u>	<u>12,191,353</u>
CHANGE IN NET ASSETS	(902,366)	275,548	(626,818)
Net Assets - Beginning of Year	<u>519,953</u>	<u>2,703,080</u>	<u>3,223,033</u>
NET ASSETS - END OF YEAR	<u>\$ (382,413)</u>	<u>\$ 2,978,628</u>	<u>\$ 2,596,215</u>

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services									Support Services			Total	
	Business Development and Marketing	Public Education and Communications	Membership and Chapter Management	Events and Leadership	Precollege Programs	College Programs	Professional Development Programs	Strategic Initiatives and Research	Scholarships	Total Program Services	Management and General	Fundraising		Total Support Services
Salaries	\$ -	\$ 208,096	\$ 111,497	\$ 331,146	\$ 359,728	\$ 423,454	\$ 120,835	\$ 504,666	\$ -	\$ 2,059,422	\$ 723,553	\$ 430,869	\$ 1,154,422	\$ 3,213,844
In-Kind	-	2,225,854	-	75,000	-	-	-	36,000	11,994	2,348,848	-	-	-	2,348,848
Professional Fees	59,727	221,310	1,080	382,138	122,101	750	33,930	448,919	-	1,269,955	264,783	141,386	406,169	1,676,124
Awards/Gifts and Scholarships	-	-	877	32,122	3,400	-	360	-	826,141	862,900	241	816	1,057	863,957
Participant Costs and Stipends	-	-	-	9,295	208,636	111,440	7,175	330,761	96,430	763,737	571	-	571	764,308
Convention Costs	113	3,304	2,280	682,343	-	-	1,216	1,684	-	690,940	21,574	-	21,574	712,514
Travel	735	9,049	14,724	144,752	109,495	17,139	30,561	45,556	-	372,011	108,808	52,342	161,150	533,161
Employee Benefits	-	20,307	7,880	38,530	36,087	40,472	13,781	46,941	-	203,998	71,884	51,014	122,898	326,896
Material and Supplies	31	3,524	7,150	9,054	315,574	8,415	2,949	10,552	-	357,249	43,070	317	43,387	400,636
Payroll Taxes	-	15,076	7,768	23,831	27,404	32,387	8,383	37,827	-	152,676	49,877	34,872	84,749	237,425
Meeting Expense	463	-	42,926	58,476	24,357	26,918	17,659	2,375	-	173,174	16,305	483	16,788	189,962
Printing and Copying	55,482	43,894	-	27,734	2,776	1,000	604	8,752	-	140,242	13,695	597	14,292	154,534
Computer Service and Related	7,225	16,293	20,003	21,335	3,451	-	-	412	-	68,719	64,656	-	64,656	133,375
Amortization Expense - Lease Asset	-	-	-	-	-	-	-	-	-	-	93,059	-	93,059	93,059
Bank Service Charges	4,396	-	685	1,171	-	-	-	-	78	6,330	84,027	1,205	85,232	91,562
Postage and Shipping	9,310	23,313	-	6,262	7,699	120	-	161	-	46,865	4,574	597	5,171	52,036
Occupancy	-	-	-	-	-	5,092	-	-	-	5,092	45,019	-	45,019	50,111
Dues and Subscriptions	2,151	1,491	2,529	697	220	754	-	1,819	-	9,661	10,080	17,484	27,564	37,225
Telephone and Communications	390	422	-	510	405	840	-	1,605	-	4,172	23,399	1,280	24,679	28,851
Advertising	-	7,121	542	500	-	-	-	-	-	8,163	8,379	6,647	15,026	23,189
Office Expense	-	-	-	1,033	-	-	-	-	-	1,033	13,888	-	13,888	14,921
Interest Expense - Lease Liability	-	-	-	-	-	-	-	-	-	-	12,415	-	12,415	12,415
Indirect Cost & Admin Fees	25,212	141,779	15,025	7,912	177,683	122,254	-	101,060	124,650	715,575	(597,270)	114,095	(483,175)	232,400
Total Expenses by Function	\$ 165,235	\$ 2,940,833	\$ 234,966	\$ 1,853,841	\$ 1,399,016	\$ 791,035	\$ 237,453	\$ 1,579,090	\$ 1,059,293	\$ 10,260,762	\$ 1,076,587	\$ 854,004	\$ 1,930,591	\$ 12,191,353

See accompanying Notes to Consolidated Financial Statements.

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

	Program Services								Support Services			Total	
	Public Education and Communications	Membership and Chapter Management	Events and Leadership	Precollege Programs	College Programs	Professional Development Programs	Strategic Initiatives and Research	Scholarships	Total Program Services	Management and General	Fundraising		Total Support Services
Salaries	\$ 115,610	\$ 83,079	\$ 169,971	\$ 273,167	\$ 217,973	\$ 73,664	\$ 379,761	\$ -	\$ 1,313,225	\$ 774,778	\$ 214,933	\$ 989,711	\$ 2,302,936
In-Kind	-	1,989,586	-	-	-	-	12,000	-	2,001,586	-	-	-	2,001,586
Professional Fees	186,152	-	269,629	114,849	875	500	240,607	-	812,612	182,570	111,360	293,930	1,106,542
Awards/Gifts and Scholarships	4,216	-	29,350	-	50	8,425	-	899,900	941,941	510	506	1,016	942,957
Convention Costs	-	55	401,585	-	-	-	-	-	401,640	4,164	599	4,763	406,403
Material and Supplies	2,754	-	5,132	355,667	3,389	1,948	4,052	-	372,942	24,929	319	25,248	398,190
Participant Costs and Stipends	-	-	9,165	120,844	94,017	-	138,263	-	362,289	-	-	-	362,289
Employee Benefits	14,188	11,970	23,851	29,408	19,434	8,790	40,814	-	148,455	107,643	24,108	131,751	280,206
Travel	3,240	5,029	65,366	22,878	6,980	10,038	9,325	-	122,856	43,212	29,150	72,362	195,218
Payroll Taxes	8,780	6,405	13,204	22,254	17,549	5,456	29,567	-	103,215	61,071	16,939	78,010	181,225
Occupancy	-	-	-	-	-	-	-	-	-	137,210	-	137,210	137,210
Computer Service and Related	16,073	17,648	34,483	-	-	-	750	-	68,954	31,417	7,124	38,541	107,495
Bank Service Charges	4,511	1,600	34,491	8	550	118	-	-	41,278	39,317	4,539	43,856	85,134
Meeting Expense	166	-	14,289	14,775	2,040	20,030	8,041	-	59,341	4,938	594	5,532	64,873
Printing and Copying	42,238	-	16,112	-	26	-	2,857	-	61,233	811	-	811	62,044
Postage and Shipping	24,119	-	7,828	510	-	-	19	-	32,476	3,100	4,843	7,943	40,419
Telephone and Communications	839	-	1,072	1,223	515	-	1,880	-	5,529	22,351	3,624	25,975	31,504
Dues and Subscriptions	1,049	-	-	525	640	431	-	-	2,645	3,042	21,008	24,050	26,695
Advertising	5,475	-	629	50	-	-	-	-	6,154	6,739	6,924	13,663	19,817
Office Expense	-	-	885	-	-	-	-	-	885	10,918	-	10,918	11,803
Indirect Cost	57,699	16,318	430	125,973	46,352	17,715	106,788	-	371,275	(431,304)	60,029	(371,275)	-
Total Expenses by Function	\$ 487,109	\$ 2,131,690	\$ 1,097,472	\$ 1,082,131	\$ 410,390	\$ 147,115	\$ 974,724	\$ 899,900	\$ 7,230,531	\$ 1,027,416	\$ 506,599	\$ 1,534,015	\$ 8,764,546

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Support and Revenue Funding Source	\$ 11,447,831	\$ 10,184,476
Cash Paid to Employees and Suppliers	(11,878,851)	(8,566,461)
Net Cash Provided (Used) by Operating Activities	(431,020)	1,618,015
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested Net Investment Income	9,129	43,528
Change in Chapter Organization Cash	(13,771)	(7,626)
Net Cash Provided by Investing Activities	(4,642)	35,902
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to Endowment	2,500	-
Repayments on Line of Credit	3,640	(150,000)
Endowment Distribution	13,530	16,640
Net Cash Provided (Used) by Financing Activities	19,670	(133,360)
NET CHANGE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS	(415,992)	1,520,557
Cash, Restricted Cash, and Cash Equivalents - Beginning of Year	2,155,179	634,622
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - END OF YEAR	\$ 1,739,187	\$ 2,155,179

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1977, the American Indian Science and Engineering Society (AISES) has focused on substantially increasing the representation of Indigenous peoples of North America and the Pacific Islands in critically needed STEM (science, technology, engineering, math) disciplines. This robust nonprofit currently supports individual student and professional members across the U.S. and Canada through chartered college and university chapters, professional chapters, tribal chapters, and affiliated PK-12 schools. Members benefit from diverse STEM-focused programming that supports careers and promotes student success and workforce development in multiple crucial areas.

AISES also publishes Winds of Change, a nationally distributed magazine with a focus on STEM educational and career advancement for Native people. In 1985, AISES created a majority-owned subsidiary called AISES Publishing, Inc. (API). API historically published Winds of Change, but the publishing program was absorbed by AISES during 2019. However, API can still administer STEM related projects for Native Students and provide educational support services to Natives in STEM.

Program Service Descriptions

Business Development and Marketing

Business Development at AISES focuses on establishing and building partnerships with organizations that assist AISES in accomplishing its mission to advance opportunities for Indigenous people in STEM studies and careers. AISES develops innovative STEM focused programming and secures resources that provide students and professionals with access to critical educational and career development opportunities.

AISES marketing efforts center on the promotion and positioning of AISES as an industry leader in STEM and a “family” that offers support for Indigenous people in these and related fields.

Public Education and Communications

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

Membership and Chapter Management

AISES Membership is open to students, professionals, and retirees. It is about connecting and relating with others, sharing stories, engaging in reciprocal relationships, gaining resources, and advancing educational and professional goals.

AISES College, Professional, and Tribal Chapters are located across North America and made up of AISES members. The primary objectives of Chapters are to enrich the professional, educational, service, and social needs of the membership. Chapters emphasize STEM education and professions as a tool that will facilitate personal and professional growth opportunities through professional development, mentor programs, leadership training, and event participation.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Service Descriptions (Continued)

Events and Leadership

AISES produces large scale events for its members and others that serve as a forum for networking, learning, leadership, and professional development training, and sharing of research and best practices in STEM fields. High school students have the opportunity to attend events and to gain exposure to STEM activities at an annual STEM Day event. College students and professionals are exposed to potential employers along with resume support and interview opportunities. All events offer a cultural component which makes AISES events unique.

Pre-College Programs

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

College Programs

The focus of AISES's college programs is to increase access to and success in STEM higher education by providing financial and academic support and opportunities to Native college students to increase the numbers of successful Native STEM majors. Additionally, AISES offers internship opportunities to explore careers with corporations and federal agencies.

Professional Development Programs

AISES utilizes a variety of programs to support STEM education and career training and development through financial, academic, professional, and cultural support to Indigenous peoples of North America and the Pacific Islands; and builds and leverages partnerships with Tribes, schools, nonprofits, corporations, foundations, and government agencies to support these programs.

Strategic Initiatives and Research

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

Scholarships

AISES scholarships are awarded to undergraduate and graduate students, who are members of AISES, for leadership and academic achievement. AISES administers academic and travel scholarships as well as an emergency fund to provide specific relief that would enable a student to continue pursuing their education.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

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

Basis of Accounting

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

Net Assets

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

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

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

Revenue With and Without Donor Restriction

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

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NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Net Assets With Donor Restrictions

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

Contributions and Unconditional Promises to Give

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

Grant Receivables and Revenue

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

Conditional Grants

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

Conditional grants were \$-0- and \$7,136 as of December 31, 2022 and 2021, respectively. AISES receives grants conditional upon the following: (1) federal grants received on a cost-reimbursement basis, and non-federal grants with a requirement to incur only qualifying expenses based on specific criteria and measurable barriers (specified level of service and outcomes).

Trade Receivables

Trade receivables represent receivables for conference sponsorships and advertising.

Deferred Revenues

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

Revenue Recognition

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Investments

Investments consist primarily of equities, and fixed income securities, and are stated at quoted fair market value in the consolidated statement of financial position. Net investment return (loss) is reported at fair value in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses. Net investment return (loss) is reported as increase/decrease to net assets with or without donor restriction per donor restrictions and management spending policy. External investment expenses related to investment activities were \$4,652 and \$4,919 in 2022 and 2021, respectively.

Inventories

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

Prepaid Expenses

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

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is provided over the estimated useful lives (three to seven years) of the respective assets using the straight-line method. Items not depreciated (primarily the Art Collection) will be carried at cost indefinitely, or until disposal. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The current policy is to capitalize acquisitions with a cost in excess of \$2,500.

Donated Services and Materials

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

Advertising/Promotion

Advertising/promotion costs are expensed as incurred. For the years ended December 31, 2022 and 2021, advertising expenses incurred totaled \$23,189 and \$19,817, respectively.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
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DECEMBER 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

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

Income Taxes

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

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

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

AISES recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses, when applicable. No provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2022 or 2021.

Estimates

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

In-Kind Contributions

Contributed goods and services are recorded at fair value at the date of donation. The value of goods received was \$2,348,848 and \$2,001,586 for the years ended December 31, 2022 and 2021, respectively. This amount consisted solely of two programmatic public service announcements (PSAs), aired by a national television broadcasting company. These PSAs are utilized to enhance pre-college and education and outreach programs.

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

Fair Value Measurements and Disclosures

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

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

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

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

Adoption of New Accounting Standards

Leases (ASC 842)

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

AISES adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

Leases (ASC 842) (Continued)

AISES elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

Leases

AISES leases office buildings and certain office equipment. AISES determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the balance sheet. ROU assets represent AISES' right to use an underlying asset for the lease term and lease liabilities represent AISES' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that AISES will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. AISES' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, AISES considers factors such as if AISES has obtained substantially all of the rights to the underlying asset through exclusivity, if AISES can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, AISES has elected to use an incremental borrowing rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Reclassified Amounts

Certain 2021 amounts have been reclassified to be consistent with the presentation of 2022 amounts.

Subsequent Events

Management evaluated subsequent events through September 27, 2023, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to September 27, 2023, that provided additional evidence about conditions that existed at December 31, 2022 have been recognized in the financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2022.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 INVESTMENTS

The following tables set forth by level, within the fair value hierarchy, AISES's assets at fair value as of December 31, 2022 and 2021:

	<u>Fair Value Measurements at Report Date Using</u>			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>December 31, 2022</u>				
Money Market	\$ 24,114	\$ -	\$ -	\$ 24,114
Fixed Income	296,552	-	-	296,552
Equities	4,584	-	-	4,584
Mutual Funds	165,078	-	-	165,078
Total	<u>\$ 490,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,328</u>
<u>December 31, 2021</u>				
Money Market	\$ 15,766	\$ -	\$ -	\$ 15,766
Fixed Income	323,445	-	-	323,445
Equities	5,468	-	-	5,468
Mutual Funds	228,175	-	-	228,175
Total	<u>\$ 572,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572,854</u>

NOTE 3 CASH AND CASH EQUIVALENTS

AISES maintains its cash balances with local financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At times during fiscal year 2022, AISES had bank deposits in excess of FDIC insurance limits. However, management felt the risks related to these balances were within an acceptable range and have not experienced losses in any of these accounts to date.

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

	<u>2022</u>	<u>2021</u>
Checking - Operating	\$ 958,702	\$ 1,253,835
Restricted Cash	70,499	56,728
Checking - API	6,896	37,512
Multicurrency Account	15,942	36,149
Checking - Development and Membership	432,124	517,635
Savings	254,499	252,795
Checking - National Conference	-	-
Petty Cash	525	525
Total Cash and Cash Equivalents	<u>\$ 1,739,187</u>	<u>\$ 2,155,179</u>

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NOTE 4 LIQUIDITY NOTE

AISES has a goal to maintain financial assets, which consist of cash and net realizable value of receivables, to meet at a minimum of 60 days of normal operating expenses, which are, on average, approximately \$2,001,841. For purposes of analyzing resources available to meet general expenditures over a 12-month period, AISES considers all expenditures related to ongoing activities including governance, facilities, regulatory programs, member services, and publications. AISES includes in its consideration those expenditures covered by donor-restricted resources. As part of its liquidity management, excess cash will be invested in liquid income-producing instruments, to the extent that it is allowed by funding agencies.

	2022	2021
Current Financial Assets, December 31	\$ 3,171,863	\$ 3,650,793
Less: Board-Designated Cash	(48,011)	(59,698)
Less: Agency Cash	(70,499)	(56,728)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	\$ 3,053,353	\$ 3,534,367

NOTE 5 RECEIVABLES

AISES performs a periodic review of accounts, grants, contributions, and bequests receivable to verify collectability. When trade receivables are deemed to be potentially uncollectible, they are charged off as bad debt expense, and an allowance for the doubtful accounts is established. When management determines that collection will not be pursued further, both the receivable and the corresponding allowance are removed from the books. As of December 31, 2022, there was no allowance for doubtful accounts.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2022			End of Year
	Beginning of Year	Additions	Deletions	
Art Collection	\$ 6,500	\$ -	\$ -	\$ 6,500
Leasehold Improvements	15,681	-	-	15,681
Intangible	30,471	-	-	30,471
Office	14,410	-	-	14,410
Furniture	17,934	-	-	17,934
Computer	146,621	-	-	146,621
Total	231,617	-	-	231,617
Less: Accumulated Depreciation	(225,117)	-	-	(225,117)
Property and Equipment, Net	\$ 6,500	\$ -	\$ -	\$ 6,500

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
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DECEMBER 31, 2022 AND 2021**

NOTE 6 PROPERTY AND EQUIPMENT (CONTINUED)

	2021			
	Beginning of Year	Additions	Deletions	End of Year
Art Collection	\$ 6,500	\$ -	\$ -	\$ 6,500
Leasehold Improvements	15,681	-	-	15,681
Intangible	30,471	-	-	30,471
Office	14,410	-	-	14,410
Furniture	17,934	-	-	17,934
Computer	146,621	-	-	146,621
Total	231,617	-	-	231,617
Less: Accumulated Depreciation	(225,117)	-	-	(225,117)
Property and Equipment, Net	\$ 6,500	\$ -	\$ -	\$ 6,500

NOTE 7 RETIREMENT PLAN

AISES has established a simple IRA retirement plan (the Plan) covering all full-time employees. The Plan allows eligible employees to contribute up to the federal maximum amount based on their annual salary and age. 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 \$64,170 and \$42,887 to the Plan during 2022 and 2021, respectively.

NOTE 8 DEBT

AISES debt obligations consist of the following:

2.75% loan payable in the principal amount of \$149,792 and including \$769 of accrued interest, due in monthly installments of \$641, including interest, beginning on September 25, 2021 through September 25, 2050, secured by tangible property.

Prime Rate (3.25%) plus 2% promissory note of \$350,000 on a revolving line of credit, which matured on July 14, 2022, and is secured by underlying cash and investments held with the bank. The outstanding balance as of December 31, 2022 was \$-0-.

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

Year Ending December 31,	Amount
2023	\$ 3,640
2024	3,741
2025	3,845
2026	3,952
2027	4,062
Thereafter	130,552
Total	\$ 149,792

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

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

	2022	2021
Subject to Expenditure for Specified Purpose:		
Scholarships	\$ 1,095,169	\$ 1,198,675
SPRK-ing Interest in Computer Science	538,258	266,983
STEM College and Career Readiness Guide	152,246	155,713
Native Financial Cents	226,329	118,449
Other	176,736	116,570
Energy Challenge	19,617	100,000
NextFifty	51,719	98,930
Native Coders Course	69,539	71,097
STEM and Business Cohort	205,188	55,130
ACES Summer Camp	38,603	38,603
Advanced Placement Computer Science	-	4,716
Total	2,573,404	2,224,866
Subject to Appropriation:		
Endowment Funds	243,220	319,722
Endowment Earnings	29,504	28,492
Total	272,724	348,214
Not Subject to Appropriation:		
Endowment Funds	132,500	130,000
Total Net Assets with Donor Restrictions	\$ 2,978,628	\$ 2,703,080

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

	2022	2021
Satisfaction of Purpose Restrictions:		
SPRK-ing Interest in Computer Science	\$ 257,211	\$ 198,688
STEM College and Career Readiness Guide	112,073	88,387
Scholarships	103,506	-
Energy Challenge	100,000	-
Native Financial Cents	84,882	-
STEM and Business Cohort	50,050	1,224
NextFifty	47,211	-
Native Coders Course	36,050	-
Other	19,253	33,689
Appropriated Endowment Earnings		
Endowment Withdraws	13,530	16,640
ACES Summer Camp	5,550	67,129
Advanced Placement Computer Science	4,716	29,443
Total	\$ 834,032	\$ 435,200

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

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
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NOTE 10 ENDOWMENTS

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

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
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NOTE 10 ENDOWMENTS (CONTINUED)

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

As of December 31, 2022 and 2021, AISES had the following endowment net asset composition by type of fund:

December 31, 2022	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 48,011	\$ -	\$ 48,011
Donor Restricted Endowment Funds:			
Donor-Restricted Gift Amount	-	375,720	375,720
Accumulated Investment Gains	-	29,504	29,504
Total Funds	<u>\$ 48,011</u>	<u>\$ 405,224</u>	<u>\$ 453,235</u>
December 31, 2021	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 59,698	\$ -	\$ 59,698
Donor Restricted Endowment Funds:			
Donor-Restricted Gift Amount	-	449,722	449,722
Accumulated Investment Gains	-	28,492	28,492
Total Funds	<u>\$ 59,698</u>	<u>\$ 478,214</u>	<u>\$ 537,912</u>

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

	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - December 31, 2020	\$ 58,617	\$ 473,652	\$ 532,269
Net Investment Return	3,605	21,203	24,808
Contributions	-	-	-
Withdrawals	-	(16,641)	(16,641)
Appropriated Earnings	(2,524)	-	(2,524)
Endowment Net Assets - December 31, 2021	59,698	478,214	537,912
Net Investment Return	(11,687)	(61,960)	(73,647)
Contributions	-	2,500	2,500
Withdrawals	-	(13,530)	(13,530)
Appropriated Earnings	-	-	-
Endowment Net Assets - December 31, 2022	<u>\$ 48,011</u>	<u>\$ 405,224</u>	<u>\$ 453,235</u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

Operating Leases – ASC 840

AISES elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
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NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases – ASC 840 (Continued)

AISES leases its office facilities in Albuquerque, New Mexico and Boulder, Colorado under two noncancelable operating leases. The Albuquerque office relocated and entered into a new lease agreement in 2021 with termination in 2029, while the Boulder office lease was extended through 2030.

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

Minimum future lease payments follow:

<u>Year Ending December 31,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2023	\$ 66,078	\$ 2,839	\$ 68,917
2024	33,335	2,129	35,464
2025	33,842	-	33,842
2026	34,279	-	34,279
2027	20,111	-	20,111
Total	<u>\$ 187,645</u>	<u>\$ 4,968</u>	<u>\$ 192,613</u>

Legal Matters

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

NOTE 12 LEASES – ASC 842

Operating Leases

AISES leases office buildings and certain office equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2030. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Monthly lease expense under the agreements for office buildings is \$7,388 per month. This does not include additional costs for common area maintenance or other taxes.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 12 LEASES – ASC 842 (CONTINUED)

Operating Leases (Continued)

The following table provides quantitative information concerning AISES' leases.

Lease Costs:	
Operating Lease Costs	\$ 105,474
Other Information:	
Net (Gain) Loss from Sale/Leaseback Transactions	
Cash Paid for Amounts Included in the	
Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 72,213
Right-of-Use Assets Obtained in Exchange for New	
Operating Lease Liabilities	\$ 849,732
Weighted-Average Remaining Lease Term -	
Operating Leases	7.4 Years
Weighted-Average Discount Rate - Operating Leases	1.61%

AISES classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Lease</u>
2023	\$ 104,216
2024	106,830
2025	109,374
2026	111,855
2027	114,385
Thereafter	<u>292,453</u>
Undiscounted Cash Flows	839,113
Less: Imputed Interest	<u>(49,179)</u>
Total Present Value of Lease Liabilities	<u>\$ 789,934</u>

NOTE 13 PAYCHECK PROTECTION PROGRAM (PPP) FORGIVENESS

During fiscal years ending December 31, 2021, and 2020, the AISES applied for and has received forgiveness in full in the amount of \$416,930 and \$419,500, respectively. These are included on the Statement of Activities under the line item "Grants – Federal". The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The SBA may review the forgiveness of these loans for up to 7 years. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the financial statements.

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,661,792	\$ 6,896	\$ -	\$ 1,668,688
Restricted Cash	70,499	-	-	70,499
Receivables:				
Trade and Other	748,046	5,190	(5,409)	747,827
Grants	684,849	-	-	684,849
Inventory	10,449	-	-	10,449
Prepaid Expenses	94,946	-	-	94,946
Total Current Assets	<u>3,270,581</u>	<u>12,086</u>	<u>(5,409)</u>	<u>3,277,258</u>
NONCURRENT ASSETS				
Investments	500,996	-	(10,668)	490,328
Property and Equipment, Net	6,500	-	-	6,500
Operating Right-of-Use Asset, Net	756,673	-	-	756,673
Deposits	17,230	-	-	17,230
Total Noncurrent Assets	<u>1,281,399</u>	<u>-</u>	<u>(10,668)</u>	<u>1,270,731</u>
Total Assets	<u>\$ 4,551,980</u>	<u>\$ 12,086</u>	<u>\$ (16,077)</u>	<u>\$ 4,547,989</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 528,078	\$ 219	\$ (5,409)	\$ 522,888
Accrued Payroll and Related Liabilities	131,866	-	-	131,866
Deferred Revenue	286,795	-	-	286,795
Current Lease Liability - Operating	92,336	-	-	92,336
Conditional Grants	-	-	-	-
Loans Payable - Current Portion	3,640	-	-	3,640
Total Current Liabilities	<u>1,042,715</u>	<u>219</u>	<u>(5,409)</u>	<u>1,037,525</u>
NONCURRENT LIABILITIES				
Agency Liabilities	70,499	-	-	70,499
Long-Term Lease Liability - Operating, Less Current Portion	697,598	-	-	697,598
Loan Payable	146,152	-	-	146,152
Total Noncurrent Liabilities	<u>914,249</u>	<u>-</u>	<u>-</u>	<u>914,249</u>
Total Liabilities	<u>1,956,964</u>	<u>219</u>	<u>(5,409)</u>	<u>1,951,774</u>
NET ASSETS				
Without Donor Restrictions:				
AISES	(431,623)	-	-	(431,623)
Board-Designated	48,011	-	-	48,011
Noncontrolling Interest in AISES Publishing, Inc.	-	-	1,199	1,199
Total Without Donor Restrictions	<u>(383,612)</u>	<u>-</u>	<u>1,199</u>	<u>(382,413)</u>
With Donor Restrictions:				
Perpetual in Nature	132,500	-	-	132,500
Subject to Appropriation	272,724	-	-	272,724
Purpose Restrictions	2,573,404	-	-	2,573,404
Retained Earnings	-	11,867	(11,867)	-
Total With Donor Restrictions	<u>2,978,628</u>	<u>11,867</u>	<u>(11,867)</u>	<u>2,978,628</u>
Total Net Assets	<u>2,595,016</u>	<u>11,867</u>	<u>(10,668)</u>	<u>2,596,215</u>
Total Liabilities and Net Assets	<u>\$ 4,551,980</u>	<u>\$ 12,086</u>	<u>\$ (16,077)</u>	<u>\$ 4,547,989</u>

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

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

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
REVENUE, SUPPORT, AND GAINS				
In-Kind	\$ 2,348,848	\$ -	\$ -	\$ 2,348,848
Corporate	3,060,364	-	-	3,060,364
Grants - Federal	1,734,753	-	-	1,734,753
State and Other	464,156	-	-	464,156
Foundation	1,785,593	-	-	1,785,593
Advertising Income	598,791	-	-	598,791
Conference Registration	375,653	-	-	375,653
Individual	211,657	-	-	211,657
Other	187,951	-	-	187,951
Nonprofit/Tribes	571,130	-	-	571,130
Educational Institute	156,902	-	-	156,902
Membership Fees	136,981	-	-	136,981
Net Investment Income	(68,244)	-	-	(68,244)
Total Revenue, Support, and Gains	<u>11,564,535</u>	-	-	<u>11,564,535</u>
EXPENSES AND LOSSES				
Program Services Expense	10,260,762	-	-	10,260,762
Supporting Services Expense:				
Management and General	1,076,587	-	-	1,076,587
Fundraising and Development	854,004	-	-	854,004
Total Supporting Services Expense	<u>1,930,591</u>	-	-	<u>1,930,591</u>
Total Expenses and Losses	<u>12,191,353</u>	-	-	<u>12,191,353</u>
CHANGE IN NET ASSETS	(626,818)	-	-	(626,818)
Net Assets - Beginning of Year	<u>3,221,834</u>	<u>11,867</u>	<u>(10,668)</u>	<u>3,223,033</u>
NET ASSETS - END OF YEAR	<u>\$ 2,595,016</u>	<u>\$ 11,867</u>	<u>\$ (10,668)</u>	<u>\$ 2,596,215</u>

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	AISES	AISES Publishing, Inc. (API)	Consolidation	Total
REVENUE, SUPPORT, AND GAINS				
In-Kind	\$ 2,001,586	\$ -	\$ -	\$ 2,001,586
Corporate	1,885,907	-	(45,925)	1,839,982
Grants - Federal	1,387,056	48,222	-	1,435,278
State and Other	777,472	-	-	777,472
Foundation	2,753,290	-	-	2,753,290
Advertising Income	570,753	-	-	570,753
Conference Registration	253,641	-	-	253,641
Individual	287,412	-	-	287,412
Other	130,923	-	-	130,923
Nonprofit/Tribes	400,019	-	-	400,019
Educational Institute	175,877	-	-	175,877
Membership Fees	108,020	-	-	108,020
Net Investment Income	41,200	-	-	41,200
Gain (Loss) on Investment in Subsidiary	390	-	(390)	-
Total Revenue, Support, and Gains	<u>10,773,546</u>	<u>48,222</u>	<u>(46,315)</u>	<u>10,775,453</u>
EXPENSES AND LOSSES				
Program Services Expense	7,228,669	47,787	(45,925)	7,230,531
Supporting Services Expense:				
Management and General	1,027,416	-	-	1,027,416
Fundraising and Development	506,601	-	-	506,601
Total Supporting Services Expense	<u>1,534,017</u>	<u>-</u>	<u>-</u>	<u>1,534,017</u>
Total Expenses and Losses	<u>8,762,686</u>	<u>47,787</u>	<u>(45,925)</u>	<u>8,764,548</u>
CHANGE IN NET ASSETS	2,010,860	435	(390)	2,010,905
Net Assets - Beginning of Year	<u>1,210,974</u>	<u>11,432</u>	<u>(10,278)</u>	<u>1,212,128</u>
NET ASSETS - END OF YEAR	<u>\$ 3,221,834</u>	<u>\$ 11,867</u>	<u>\$ (10,668)</u>	<u>\$ 3,223,033</u>

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services						Professional Development Programs
	Business Development and Marketing	Public Education and Communications	Membership and Chapter Management	Events and Leadership	Precollege Programs	College Programs	
Salaries	\$ -	\$ 208,096	\$ 111,497	\$ 331,146	\$ 359,728	\$ 423,454	\$ 120,835
In-Kind	-	2,225,854	-	75,000	-	-	-
Professional Fees	59,727	221,310	1,080	382,138	122,101	750	33,930
Awards/Gifts and Scholarships	-	-	877	32,122	3,400	-	360
Participant Costs and Stipends	-	-	-	9,295	208,636	111,440	7,175
Convention Costs	113	3,304	2,280	682,343	-	-	1,216
Travel	735	9,049	14,724	144,752	109,495	17,139	30,561
Employee Benefits	-	20,307	7,880	38,530	36,087	40,472	13,781
Material and Supplies	31	3,524	7,150	9,054	315,574	8,415	2,949
Payroll Taxes	-	15,076	7,768	23,831	27,404	32,387	8,383
Meeting Expense	463	-	42,926	58,476	24,357	26,918	17,659
Printing and Copying	55,482	43,894	-	27,734	2,776	1,000	604
Computer Service and Related	7,225	16,293	20,003	21,335	3,451	-	-
Amortization Expense - Lease Asset	-	-	-	-	-	-	-
Bank Service Charges	4,396	-	685	1,171	-	-	-
Postage and Shipping	9,310	23,313	-	6,262	7,699	120	-
Occupancy	-	-	-	-	-	5,092	-
Dues and Subscriptions	2,151	1,491	2,529	697	220	754	-
Telephone and Communications	390	422	-	510	405	840	-
Advertising	-	7,121	542	500	-	-	-
Office Expense	-	-	-	1,033	-	-	-
Interest Expense - Lease Liability	-	-	-	-	-	-	-
Indirect Cost & Admin Fees	25,212	141,779	15,025	7,912	177,683	122,254	-
Total Expenses by Function	\$ 165,235	\$ 2,940,833	\$ 234,966	\$ 1,853,841	\$ 1,399,016	\$ 791,035	\$ 237,453

AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services			Support Services			Total
	Strategic Initiatives and Research	Scholarships	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 504,666	\$ -	\$ 2,059,422	\$ 723,553	\$ 430,869	\$ 1,154,422	\$ 3,213,844
In-Kind	36,000	11,994	2,348,848	-	-	-	2,348,848
Professional Fees	448,919	-	1,269,955	264,783	141,386	406,169	1,676,124
Awards/Gifts and Scholarships	-	826,141	862,900	241	816	1,057	863,957
Participant Costs and Stipends	330,761	96,430	763,737	571	-	571	764,308
Convention Costs	1,684	-	690,940	21,574	-	21,574	712,514
Travel	45,556	-	372,011	108,808	52,342	161,150	533,161
Employee Benefits	46,941	-	203,998	71,884	51,014	122,898	326,896
Material and Supplies	10,552	-	357,249	43,070	317	43,387	400,636
Payroll Taxes	37,827	-	152,676	49,877	34,872	84,749	237,425
Meeting Expense	2,375	-	173,174	16,305	483	16,788	189,962
Printing and Copying	8,752	-	140,242	13,695	597	14,292	154,534
Computer Service and Related	412	-	68,719	64,656	-	64,656	133,375
Amortization Expense - Lease Asset	-	-	-	93,059	-	93,059	93,059
Bank Service Charges	-	78	6,330	84,027	1,205	85,232	91,562
Postage and Shipping	161	-	46,865	4,574	597	5,171	52,036
Occupancy	-	-	5,092	45,019	-	45,019	50,111
Dues and Subscriptions	1,819	-	9,661	10,080	17,484	27,564	37,225
Telephone and Communications	1,605	-	4,172	23,399	1,280	24,679	28,851
Advertising	-	-	8,163	8,379	6,647	15,026	23,189
Office Expense	-	-	1,033	13,888	-	13,888	14,921
Interest Expense - Lease Liability	-	-	-	12,415	-	12,415	12,415
Indirect Cost	101,060	124,650	715,575	(597,270)	114,095	(483,175)	232,400
Total Expenses by Function	\$ 1,579,090	\$ 1,059,293	\$ 10,260,762	\$ 1,076,587	\$ 854,004	\$ 1,930,591	\$ 12,191,353

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

	Program Services						
	Public Education and Communications	Membership and Chapter Management	Events and Leadership	Precollege Programs	College Programs	Professional Development Programs	Strategic Initiatives and Research
Salaries	\$ 115,610	\$ 83,079	\$ 169,971	\$ 273,167	\$ 217,973	\$ 73,664	\$ 379,761
In-Kind	-	1,989,586	-	-	-	-	12,000
Professional Fees	232,077	-	269,629	114,849	875	500	240,607
Awards/Gifts and Scholarships	4,216	-	29,350	-	50	8,425	-
Convention Costs	-	55	401,585	-	-	-	-
Material and Supplies	2,754	-	5,132	355,667	3,389	1,948	4,052
Participant Costs and Stipends	-	-	9,165	120,844	94,017	-	138,263
Employee Benefits	14,188	11,970	23,851	29,408	19,434	8,790	40,814
Travel	3,240	5,029	65,366	22,878	6,980	10,038	9,325
Payroll Taxes	8,780	6,405	13,204	22,254	17,549	5,456	29,567
Occupancy	-	-	-	-	-	-	-
Computer Service and Related	16,073	17,648	34,483	-	-	-	750
Bank Service Charges	4,511	1,600	34,491	8	550	118	-
Meeting Expense	166	-	14,289	14,775	2,040	20,030	8,041
Printing and Copying	42,238	-	16,112	-	26	-	2,857
Postage and Shipping	24,119	-	7,828	510	-	-	19
Telephone and Communications	839	-	1,072	1,223	515	-	1,880
Dues and Subscriptions	1,049	-	-	525	640	431	-
Advertising	5,475	-	629	50	-	-	-
Office Expense	-	-	885	-	-	-	-
Indirect Cost	57,699	16,318	430	125,973	46,352	17,715	106,788
Total Expenses by Function	\$ 533,034	\$ 2,131,690	\$ 1,097,472	\$ 1,082,131	\$ 410,390	\$ 147,115	\$ 974,724

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

	Program Services		Support Services				Eliminations	Total
	Scholarships	Total Program Services	Management and General	Fundraising	Total Support Services			
Salaries	\$ -	\$ 1,313,225	\$ 774,778	\$ 214,933	\$ 989,711	\$ -	\$ 2,302,936	
In-Kind	-	2,001,586	-	-	-	-	2,001,586	
Professional Fees	-	858,537	182,570	111,360	293,930	(45,925)	1,106,542	
Awards/Gifts and Scholarships	899,900	941,941	510	506	1,016	-	942,957	
Convention Costs	-	401,640	4,164	599	4,763	-	406,403	
Material and Supplies	-	372,942	24,929	319	25,248	-	398,190	
Participant Costs and Stipends	-	362,289	-	-	-	-	362,289	
Employee Benefits	-	148,455	107,643	24,108	131,751	-	280,206	
Travel	-	122,856	43,212	29,150	72,362	-	195,218	
Payroll Taxes	-	103,215	61,071	16,939	78,010	-	181,225	
Occupancy	-	-	137,210	-	137,210	-	137,210	
Computer Service and Related	-	68,954	31,417	7,124	38,541	-	107,495	
Bank Service Charges	-	41,278	39,317	4,539	43,856	-	85,134	
Meeting Expense	-	59,341	4,938	594	5,532	-	64,873	
Printing and Copying	-	61,233	811	-	811	-	62,044	
Postage and Shipping	-	32,476	3,100	4,843	7,943	-	40,419	
Telephone and Communications	-	5,529	22,351	3,624	25,975	-	31,504	
Dues and Subscriptions	-	2,645	3,042	21,008	24,050	-	26,695	
Advertising	-	6,154	6,739	6,924	13,663	-	19,817	
Office Expense	-	885	10,918	-	10,918	-	11,803	
Indirect Cost	-	371,275	(431,304)	60,029	(371,275)	-	-	
Total Expenses by Function	\$ 899,900	\$ 7,276,456	\$ 1,027,416	\$ 506,599	\$ 1,534,015	\$ (45,925)	\$ 8,764,546	

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. National Science Foundation				
Research and Development Cluster:				
Biological Sciences	47.074		\$ 22,314	\$ 543,178
Education and Human Services	47.076		178,297	322,842
TERC, Inc.—Education and Human Services	47.076	2000619	-	39,228
Total U.S. National Science Foundation			200,611	905,248
National Institutes of Health				
UCSF Collaboration - Biomedical Research and Training	93.859		-	36,635
Total National Institute of Health			-	36,635
Total Research and Development Cluster			200,611	941,883
Department of Agriculture				
USDA Forest Products Laboratory Interns	10.699		-	30,000
Total Department of Agriculture			-	30,000
Department of Education				
Indian Education - Special Programs for Indian Children	84.299		-	365,711
Total Department of Education			-	365,711
U.S. Department of Energy				
Bonneville Power Administration--BPA Interns	81.U01		-	35,545
Minority Economic Impact	81.137		-	104,944
Total U.S. Department of Energy			-	140,489
U.S. Department of Health and Human Services				
Demonstration Projects for Indian Health	93.933		-	246,670
Total U.S. Department of Health and Human Services			-	246,670
Total Expenditures of Federal Awards			\$ 200,611	\$ 1,724,753

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022**

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 10% DE MINIMUS INDIRECT COST RATE

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

NOTE 3 LOANS

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

NOTE 4 FEDERAL FUNDED INSURANCE

The Organization has no federally funded insurance.

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

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

Federal Grants per Statement of Activities	\$ 1,734,753
Less: Other Reconciling items	<u>(10,000)</u>
Total Federal Expenditures per SEFA	<u><u>\$ 1,724,753</u></u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of American Indian Science and Engineering Society (AISES) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

American Indian Science and Engineering Society's Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Albuquerque, New Mexico
September 27, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited American Indian Science and Engineering Society's (AISES) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of American Indian Science and Engineering Society's major federal programs for the year ended December 31, 2022. American Indian Science and Engineering Society's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, American Indian Science and Engineering Society complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding American Indian Science and Engineering Society's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of American Indian Science and Engineering Society's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of American Indian Science and Engineering Society's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Board of Directors
American Indian Science and Engineering Society

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

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

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

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

CliftonLarsonAllen LLP

Albuquerque, New Mexico
September 27, 2023

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
47.074, 47.076, 93.859	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee pursuant to Uniform Guidance _____ x yes _____ no

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings

2022–001 – Financial Close and Reporting

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During our test work we noted the following items:

- During testing over journal entry process, we noted 3 of the journal entries selected lacked supporting documentation.
- During testing over journal entry process, we noted that one entry related to miscellaneous receivables lacked business purpose.
- During testing over journal entry process, we noted one journal entry that was miscoded and created a variance in year end balances.
- During our audit there were numerous adjusting entries that were not prepared until roughly 6 months after fiscal year end close.

Context: We noted that there was turnover in the CFO position of the organization. An external contractor was hired to complete the roles of the fractional CFO and a contract Controller until a replacement was found. This transition created delays in the overall audit and fiscal year end close. The Controller once hired took over fiscal year end close and provided adjusting entries after the initial trial balance and documentation was provided to CLA.

Effect: Lack of controls and procedures surrounding the journal entry process, the financial close process, and periodic reporting process may lead to inaccurate information and does not allow for timely and accurate reporting to governance and other stakeholders on availability of funds.

Cause: Long-time institutional knowledge was lost when the AISES CFO left the organization. AISES then turned to an external contractor for accounting assistance that did not meet the organizations expectations. AISES terminated the relationship with this external contractor for failure to meet the contractual obligations.

Recommendation: CLA recommends management continue to assess the current procedures for journal entries to ensure they have sufficient supporting documentation. We recommend that the organization pursue timely fiscal year end close to better assist with reporting to governance and other stakeholders of the organization.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. AISES noted that there was turnover in the accounting functions of the organization and that the external contractor that was hired to act in the roles of the CFO and Controller (until a regular employee in the Controller role could be hired) produced work which did not comply with AISES' established processes and procedures. The AISES CFO and accounting staff produced training documents and met with the external consultants at the contractor firm to train them on AISES accounting policies and procedures. However, the external contractor's staff that were trained by AISES left the firm's employment within weeks and were replaced by others who did not have the accounting knowledge needed to adequately perform the duties the firm was hired to perform.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings (Continued)

Views of responsible officials and planned corrective actions (Continued): In addition, the external contract CFO did not provide adequate oversight of these duties or approval of the financial documents for which they were responsible and upon which AISES relied for financial statement accuracy and completeness. Some of the work AISES hired the external contractor to perform was never completed, was delayed and then when received, was found to be incorrect. Because of these conditions, delays in the overall audit and fiscal year end close occurred. Once the AISES Controller was hired months later, the Controller took over the fiscal year end close. The AISES Controller and accounting staff reviewed the external organization's work, modified the incorrect or incomplete paperwork, and prepared any necessary accounting transactions. The AISES Controller provided adjusting entries after the initial trial balance and documentation was provided to the auditors.

Action planned/taken in response to finding:

- AISES hired, as a regular employee, a Controller with over 35 years of nonprofit accounting experience. AISES has ceased its relationship with the external accounting contractor.
- AISES utilizes segregation of duties such that no journal entry is posted without a business purpose or appropriate documentation. In addition, the person who prepares the journal entry is not the same as the person who reviews and posts/approves the entry.
- Every transaction that is entered and posted into the AISES financial system is reviewed by at least two staff members to catch any keying/coding errors prior to posting in the system.
- We are enhancing the already very thorough AISES policy and procedures manual to meet the highest standards of the federal government for grant accounting. Additionally, we continue to work to separate our accounting policies from accounting procedures. This will help accounting and other staff to be trained more effectively with a focus on timeliness in such areas as month and year end close, drawdowns of federal grants, and reporting finances to the Board of Directors and external constituents.
- Accounts are being reconciled and adjusting journal entries are being made monthly to facilitate a more successful and timelier submission of complete financials to the auditors for the annual audit, the directors making decisions on their AISES programs, and the aforementioned constituents, including the federal government.

Name(s) of the contact person(s) responsible for corrective action:

- Amy Weinstein, Senior Vice President
- Jeannine White, Controller

Planned completion date for corrective action plan: AISES has currently implemented the above noted responses to finding during 2023.

Plan to monitor completion of corrective action plan:

- Next year the auditors will complete the audit with the enhanced AISES policies and procedures manual(s).
- Every journal entry will have back-up.
- Account reconciliation worksheets for all balance sheet accounts will be provided to the auditors for the annual audit.

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

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

**AMERICAN INDIAN SCIENCE AND ENGINEERING SOCIETY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2022**

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

Finding Reference

2021-001 – Significant Deficiency – Revenue Recognition and Deferred Revenues– Resolved

2021-002 – Significant Deficiency – Net Assets and Donor Restrictions– Resolved



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