

**American Indian Science and Engineering
Society and Subsidiary**

CONSOLIDATED FINANCIAL STATEMENTS

**For the Year Ended December 31, 2017
With Comparative Totals for 2016**



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American Indian Science and Engineering Society and Subsidiary
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December 31, 2017

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Indian Science and Engineering Society and Subsidiary (collectively referred to as AISES, a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Indian Science and Engineering Society and Subsidiary as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information.

The consolidated financial statements of American Indian Science and Engineering Society and subsidiary as of December 31, 2016, were audited by other auditors whose report, dated June 26, 2017, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as presented in the table of contents and 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2018 on our consideration of American Indian Science and Engineering Society and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 American Indian Science and Engineering Society's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
August 31, 2018

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**American Indian Science and Engineering Society and Subsidiary
Consolidated Statements of Financial Position, with Comparative Totals**

<i>December 31,</i>	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 619,721	\$ 407,032
Investments	535,070	478,637
Receivables:		
Conference receivables, net	255,500	152,470
Contribution, and other	282,289	352,962
Inventory	17,370	17,896
Prepaid expenses	41,133	38,075
Total current assets	1,751,083	1,447,072
Noncurrent assets		
Property and equipment, net	7,673	8,669
Deposits	19,860	9,037
Total noncurrent assets	27,533	17,706
Total assets	\$ 1,778,616	\$ 1,464,778
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 159,977	\$ 15,741
Accrued payroll and related liabilities	129,971	182,605
Deferred revenue	136,631	95,744
Current portion of line of credit	60,000	-
Total current liabilities	486,579	294,090
Non-current liabilities		
Line of credit, less current portion	-	-
Total liabilities	486,579	294,090
Net assets		
Unrestricted:		
AISES	(161,582)	(504,202)
Board designated	58,500	58,500
Noncontrolling intrest in AISES Publishing, Inc.	13,972	18,628
Temporarily restricted	847,375	1,091,076
Permanently restricted	533,772	506,686
Total net assets	1,292,037	1,170,688
Total liabilities and net assets	\$ 1,778,616	\$ 1,464,778

The accompanying notes are an integral part of these consolidated financial statements.

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American Indian Science and Engineering Society and Subsidiary Consolidated Statements of Activities, with Comparative Totals

<i>For the years ended December 31,</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
Revenues, gains and other support					
Conference registration	\$ 388,238	\$ -	\$ -	\$ 388,238	\$ 309,202
Individual	52,916	-	-	52,916	63,448
Non-profit/Tribes	148,377	-	-	148,377	64,987
Corporate	749,928	633,500	-	1,383,428	1,092,728
Foundation	572,178	-	-	572,178	267,775
Grants-federal	760,695	-	-	760,695	581,748
State and other	282,306	-	-	282,306	365,029
Membership fees	114,544	-	-	114,544	85,264
Investment income	-	-	11,389	11,389	23,712
Subscription sales	117,713	-	-	117,713	-
Other, net	407,782	-	-	407,782	369,392
In-kind	1,527,643	-	-	1,527,643	1,847,131
Advertising income	153,807	-	-	153,807	298,863
Digital	196,856	-	-	196,856	66,233
Net realized, unrealized gain/losses	7,653	-	37,462	45,115	-
Net assets released from restrictions	898,966	(877,201)	(21,765)	-	-
Total revenues, gains and other support	6,379,602	(243,701)	27,086	6,162,987	5,435,512
Expenses					
Program services					
Conference	1,038,980	-	-	1,038,980	746,923
Training and development	168,255	-	-	168,255	132,837
Publishing	381,630	-	-	381,630	310,480
Scholarships	518,842	-	-	518,842	418,765
Other	919,632	-	-	919,632	750,817
In-kind	1,527,643	-	-	1,527,643	1,847,131
Internships	52,373	-	-	52,373	36,420
Education and outreach	349,451	-	-	349,451	342,776
Total program services	4,956,806	-	-	4,956,806	4,586,149
Supporting services					
Management and general	895,859	-	-	895,859	670,879
Fundraising	188,973	-	-	188,973	155,503
Total supporting services	1,084,832	-	-	1,084,832	826,382
Total expenses	6,041,638	-	-	6,041,638	5,412,531
Change in net assets	337,964	(243,701)	27,086	121,349	22,981
Net assets, beginning of the year	(427,074)	1,091,076	506,686	1,170,688	1,147,707
Net assets, end of the year	\$ (89,110)	\$ 847,375	\$ 533,772	\$ 1,292,037	\$ 1,170,688

The accompanying notes are an integral part of these consolidated financial statements.

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American Indian Science and Engineering Society and Subsidiary Consolidated Statements of Cash Flows, with Comparative Totals

<i>For the years ended December 31,</i>	2017	2016
Cash Flows from Operating Activities:		
Cash received from support and revenue funding source	\$ 6,158,394	\$ 5,644,255
Cash paid to employees and suppliers	(5,963,391)	(5,455,065)
Net cash provided by operating activities	195,003	189,190
Cash Flows from Investing Activities:		
Cash paid for investments	(53,703)	(4,597)
Proceeds from sale of investments	11,389	23,712
Net cash provided (used) by investing activities	(42,314)	19,115
Cash Flows from Financing Activities:		
Proceeds from financing activities	60,000	-
Net cash provided by investing activities	60,000	-
Net increase in cash and cash equivalents	212,689	208,305
Cash and cash equivalents, beginning of year	407,032	198,727
Cash and cash equivalents, end of year	\$ 619,721	\$ 407,032

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities

Changes in Net Assets	\$ 121,349	\$ 22,982
Adjustments to reconcile change in net assets to cash provided		
by operating activities:		
Depreciation expense and amortization	995	1,281
Bad debt expense	1,734	10,146
Net realized and unrealized gains on sales of investments	(14,057)	(14,287)
(Increase) decrease in receivables	(34,091)	203,233
(Increase) in prepaid expenses and deposits	(13,881)	(15,166)
Decrease in inventories	526	482
Increase (decrease) in accounts payable and accrued liabilities	91,541	(48,703)
Increase in deferred revenue	40,887	29,222
Net cash provided by operating activities	\$ 195,003	\$ 189,190

The accompanying notes are an integral part of these consolidated financial statements.

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

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

AISES's program service descriptions follow:

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

Conference—The national conference is AISES's major event hosted every year for its constituents, and the Career Fair offers companies a unique forum for recruiting Native American Indian students and professionals. Approximately 1,800 people attend the conference each year, with more than half of those being Native American Indian high school and college students.

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

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

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

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

Financial Statement Presentation

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

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Basis of Presentation

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

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

Net Assets

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

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

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

Use of Estimates

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

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of consolidated statements 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 (FMV). Investment income, and realized and unrealized gains or losses are considered unrestricted, temporarily restricted, and permanently restricted income per donor restrictions or management spending policy. Management fees related to investment activities were \$4,243 and \$5,386 in 2017 and 2016, respectively.

Contributions

All contributions are considered available for AISES's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Contributions receivable represent unconditional promises to give and are recognized as revenues or gains in the period the pledge is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions receivable are considered fully collectible at December 31, 2017 and 2016.

Conference Receivables

Conference receivables represent receivables for conference registration, sponsorship, and exhibitor fees. Bad debts are recognized on the direct write-off method based on management's evaluation of outstanding conference receivables. Bad debt expense was \$1,734 and \$10,146 for the years ended December 31, 2017 and 2016, respectively.

Grant Receivables and Revenue

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

Inventories

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

Prepays

Prepaid expenses consist of security deposits on Albuquerque office location and Longmont, CO office location.

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fee for Service Revenue

Revenue from fee for service includes subscriptions, digital revenue, and advertisement and is recorded in the period the service is provided.

Deferred Revenue

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

Property and Equipment

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

Donated Services and Materials

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

Advertising/Promotion

Advertising/promotion costs are expensed as incurred. For the years ended December 31, 2017 and 2016, advertising expenses incurred totaled \$100,543 and \$37,533, respectively.

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. AISES is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2013. 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, 2017 or 2016.

Functional Allocation of Expenses

The costs of providing AISES's various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefits. Costs are allocated based on actual expense.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's audit financial statements for the year ended December 31, 2016 from which the summarized information was derived.

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Fair Value Exposure

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that AISES has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial Instruments

The carrying value of cash, receivables, payables, accrued expenses and other liabilities are not indicators of the risks associated with those instruments.

Reclassification

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

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 2: CASH AND CASH EQUIVALENTS

AISES maintains its cash balances with local financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At times during fiscal years 2017 and 2016, AISES had bank deposits in excess of FDIC insurance limits. However, management felt the risks related to these balances were within an acceptable range.

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

	2017		2016	
Checking- Operating	\$	490,963	\$	258,484
Checking- National Conference		(3,887)		4,008
Checking- Development and Membership		20,589		20,071
Checking- API		84,831		88,791
Savings		3,781		4,125
Petty cash		375		434
Cash portion of investments		23,069		31,119
Total cash and cash equivalents	\$	619,721	\$	407,032

NOTE 3: INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, AISES's assets at fair value as of December 31, 2017 and 2016:

2017

	Level 1		Level 2		Level 3		Total	
Fixed Income	\$	275,817	\$	-	\$	-	\$	275,817
Equities		259,253		-		-		259,253
Total	\$	535,070	\$	-	\$	-	\$	535,070

2016

	Level 1		Level 2		Level 3		Total	
Fixed Income	\$	243,891	\$	-	\$	-	\$	243,891
Equities		234,746		-		-		234,746
Total	\$	478,637	\$	-	\$	-	\$	478,637

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 3: INVESTMENTS (CONTINUED)

The valuation methodologies used for assets measured at fair value are below. There have been no changes in the methodologies used at December 31, 2017.

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4: RECEIVABLES

Receivables at December 31 consisted of the following:

	2017	2016
Conference, net	\$ 255,500	\$ 152,470
Contribution, trade and other	282,289	352,962
Total accounts receivable	<u>\$ 537,789</u>	<u>\$ 505,432</u>

AISES performs a periodic review of accounts, contributions, and bequests receivable to verify collectability. When conference 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 for doubtful accounts are removed from the books. As of June 30, 2017 and 2016, an allowance of \$1,734 and \$10,146, respectively has been recorded.

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2017:

	2016	Additions	Deletions	Adjustments	2017
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 property and equipment	231,617	-	-	-	231,617
Less: Accumulated Depreciation	(222,948)	(995)	-	-	(223,943)
Property and equipment, net	\$ 8,669	\$ (995)	\$ -	\$ -	\$ 7,674

Property and equipment consisted of the following at December 31, 2016:

	2015	Additions	Deletions	Adjustments	2016
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 property and equipment	231,617	-	-	-	231,617
Less: Accumulated Depreciation	(221,667)	(1,281)	-	-	(222,948)
Property and equipment, net	\$ 9,950	\$ (1,281)	\$ -	\$ -	\$ 8,669

Depreciation expense for the years ended December 31, 2017 and 2016 were \$995 and \$1,281, respectively.

NOTE 6: RETIREMENT PLAN

AISES has established a simple IRA retirement plan (the Plan) covering all full-time employees. The Plan allows eligible employees to contribute up to \$10,000 of their annual salary. In addition, AISES will match 100% of each employee's contribution, up to a limit of 3% of each employee's compensation. All such matching contributions are immediately fully vested. AISES contributed \$16,445 and \$10,943 to the Plan during 2017 and 2016, respectively.

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 7: COMMITMENTS AND CONTINGENCIES

Operating Leases

AISES leases its office facilities in Albuquerque, NM and Boulder, CO under two non-cancelable operating lease which will both expire in July 2020.

Minimum future lease payments follow:

	2018	2019	2020	Total
Albuquerque Office	\$ 33,398	\$ 34,496	\$ 20,495	\$ 88,389
Longmont Office	49,179	51,147	17,270	117,596
	<u>\$ 82,577</u>	<u>\$ 85,643</u>	<u>\$ 37,765</u>	<u>\$ 205,985</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.

Capital Leases

AISES has no capital lease obligations for the year ended December 31, 2017.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Contributions have been temporarily restricted for the following purposes:

Program	2016	Restricted Contributions	Released	2017
Scholarships	\$ 1,091,076	\$ 633,500	\$ 877,201	\$ 847,375
Total Temporarily Restricted	<u>\$ 1,091,076</u>	<u>\$ 633,500</u>	<u>\$ 877,201</u>	<u>\$ 847,375</u>

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

NOTE 9: PERMANENTLY RESTRICTED NET ASSETS

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

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 10: ENDOWMENTS

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

Endowment Net Assets Composition by Type of Fund as of December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 533,772	\$ 533,772
Total funds	\$ -	\$ -	\$ 533,772	\$ 533,772

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2017

Endowment net assets, beginning of year	\$ -	\$ -	\$ 506,686	\$ 506,686
Investment return				
Interest and dividends, net				
of management fees	-	-	11,389	11,389
Net realized and unrealized gains	-	-	37,462	37,462
Total investment return	-	-	48,851	48,851
Contributions	-	-	-	-
Administrative	-	-	-	-
Withdrawals	-	-	(21,765)	(21,765)
Reclassification of temporarily restricted investment return	-	-	-	-
	\$ -	\$ -	\$ 533,772	\$ 533,772

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 10: ENDOWMENTS (CONTINUED)

Endowment Net Assets Composition by Type of Fund as of December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 506,686	\$ 506,686
Total funds	\$ -	\$ -	\$ 506,686	\$ 506,686

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2016

Endowment net assets, beginning of year	\$ (14,792)	\$ -	\$ 521,163	\$ 506,371
Investment return				
Interest and dividends, net				
of management fees	-	-	-	-
Net realized and unrealized gains	-	-	-	-
Total investment return	-	-	-	-
Contributions	-	-	20,256	20,256
Administrative	-	-	-	-
Withdrawals	-	-	(19,941)	(19,941)
Reclassification of temporarily restricted investment return	14,792	-	(14,792)	-
	\$ -	\$ -	\$ 506,686	\$ 506,686

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's 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 non-correlation between asset classes.

American Indian Science and Engineering Society and Subsidiary
Notes to Financial Statements
For the Year Ended December 31, 2017, With Comparative Totals for 2016

NOTE 10: ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

NOTE 11: LINE OF CREDIT

In April 2012, AISES entered into an unsecured line-of-credit with a financial institution that allows for up to \$500,000 to be drawn upon as needed. In November 2014, the agreement was amended to allow for up to \$300,000 to be drawn upon as needed. The line-of-credit bears interest rate at 5.5% and required monthly payments of interest only. The balance was \$60,000 and \$0 at December 31, 2017 and 2016, respectively. The line-of-credit matures October 31, 2018. Management intends to renew the line of credit under similar terms and conditions.

NOTE 15: SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is August 31, 2018, which is the date the financial statements were issued. There were no subsequent events necessary to disclose.

NOTE 16: SUBSEQUENT PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB), issued Accounting Standards Update No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The amendments in this update were issued to improve the current net asset classification requirements and the information presented in Not-for-Profit financial statements and notes. The update simplifies the Statement of Net Position by requiring only two net asset classifications: net assets with donor restrictions and net assets without donor restrictions. The amendments in this update are effective for fiscal years beginning after December 15, 2017. Early application is permitted, however, the Organization has not yet adopted because management is still evaluating the effects of this pronouncement in its financial statements.

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American Indian Science and Engineering Society and Subsidiary Consolidating Statements of Financial Position, with Comparative Totals

<i>December 31,</i>	AISES			2017	2016
	AISES	Publishing Inc.	Consolidation		
Assets					
Current assets					
Cash and cash equivalents	\$ 534,890	\$ 84,831	\$ -	\$ 619,721	\$ 407,032
Investments	535,070	-	-	535,070	478,637
Receivables:					
Conference receivables, net	46,356	209,144	-	255,500	152,470
Contribution, and other	282,289	-	-	282,289	352,962
Inventory	17,370	-	-	17,370	17,896
Prepaid expenses	37,663	3,470	-	41,133	38,075
Total current assets	1,453,638	297,445	-	1,751,083	1,447,072
Noncurrent assets					
Investment in API	111,704	-	(111,704)	-	-
Property and equipment, net	7,673	-	-	7,673	8,669
Deposits	19,860	-	-	19,860	9,037
Total assets	\$ 1,592,875	\$ 297,445	\$ (111,704)	\$ 1,778,616	\$ 1,464,778
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ -	\$ 164,192	\$ (4,215)	\$ 159,977	\$ 15,741
Accrued payroll and related liabilities	129,971	-	-	129,971	182,605
Deferred revenue	124,839	11,792	-	136,631	95,744
Total current liabilities	254,810	175,984	(4,215)	426,579	294,090
Non-current liabilities					
Line of Credit	60,000	-	-	60,000	-
Total liabilities	314,810	175,984	(4,215)	486,579	294,090
Net assets					
Unrestricted:					
AISES	(161,582)	-	-	(161,582)	(504,202)
Board designated	58,500	-	-	58,500	58,500
Noncontrolling interest in AISES					
Publishing, Inc.	-	-	13,972	13,972	18,628
Temporarily restricted	847,375	-	-	847,375	1,091,076
Permanently restricted	533,772	-	-	533,772	506,686
Retained Earnings	-	121,461	(121,461)	-	-
Total net assets	1,278,065	121,461	(107,489)	1,292,037	1,170,688
Total liabilities and net assets	\$ 1,592,875	\$ 297,445	\$ (111,704)	\$ 1,778,616	\$ 1,464,778

See independent auditors' report

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**American Indian Science and Engineering Society and Subsidiary
Consolidating Statements of Activities and Changes in Net Assets, with
Comparative Totals**

<i>For the years ended December 31,</i>	AISES			Total	Total
	AISES Publishing Inc. Consolidation			2017	2016
Revenues, gains and other support					
Conference registration	\$ 388,238	\$ -	\$ -	\$ 388,238	\$ 309,202
Individual	52,916	-	-	52,916	63,448
Non-profit/Tribes	148,377	-	-	148,377	64,987
Corporate	1,468,428	-	(85,000)	1,383,428	1,092,728
Foundation	572,178	-	-	572,178	267,775
Grants-federal	760,695	-	-	760,695	581,748
State and other	282,306	-	-	282,306	365,029
Membership fees	114,544	-	-	114,544	85,264
Investment income	11,389	-	-	11,389	23,712
Subscription sales	-	117,713	-	117,713	-
Other, net	407,782	-	-	407,782	369,392
In-kind	1,527,643	-	-	1,527,643	1,847,131
Advertising income	-	153,807	-	153,807	298,863
Digital	-	196,856	-	196,856	66,233
(Loss) Gain on investment in subsidiary	6,402	-	(6,402)	-	-
Net realized, unrealized gain/losses	45,115	-	-	45,115	-
Total revenues, gains and other support	5,786,013	468,376	(91,402)	6,162,987	5,435,512
Expenses					
Program services					
Conference	1,038,980	-	-	1,038,980	746,923
Training and development	168,255	-	-	168,255	132,837
AISES Publishing Inc.	-	466,630	(85,000)	381,630	310,480
Scholarships	518,842	-	-	518,842	418,765
Other	919,632	-	-	919,632	750,817
In-kind	1,527,643	-	-	1,527,643	1,847,131
Internships	52,373	-	-	52,373	36,420
Education and outreach	349,451	-	-	349,451	342,776
Total program services	4,575,176	466,630	(85,000)	4,956,806	4,586,149
Supporting services					
Management and general	895,859	-	-	895,859	670,879
Fundraising	188,973	-	-	188,973	155,503
Total supporting services	1,084,832	-	-	1,084,832	826,382
Total expenses	5,660,008	466,630	(85,000)	6,041,638	5,412,531
Change in net assets	126,005	1,746	(6,402)	121,349	22,981
Net assets, beginning of the year	1,152,060	119,715	(101,087)	1,170,688	1,147,707
Net assets, end of the year	\$ 1,278,065	\$ 121,461	\$ (107,489)	\$ 1,292,037	\$ 1,170,688

See independent auditors' report

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American Indian Science and Engineering Society and Subsidiary Consolidating Statements of Functional Expenses, with Comparative Totals

For the year ended December 31,	Program Services							Support Services							2017	2016
	Conference	Training and Development	API	Internships	Scholarships	Education and Outreach	Other	Total Program Services	Management and General	Fundraising	National Dues	Total Support Services	Eliminations			
Salaries	\$ 183,529	\$ 51,427	\$ -	\$ 42,814	\$ -	\$ 150,392	\$ 238,948	\$ 667,110	\$ 213,304	\$ 111,933	\$ -	\$ 325,237	\$ -	\$ 992,347	\$ 730,955	
Payroll taxes	17,787	6,684	-	2,500	-	15,395	25,691	68,057	21,351	9,784	-	31,135	-	99,192	70,742	
Employee Benefits	21,612	6,768	-	1,092	-	15,225	23,366	68,063	141,497	11,650	-	153,147	-	221,210	177,197	
Bank service charges	20,682	-	3,386	-	-	11,369	-	35,437	15,333	-	-	15,333	-	50,770	56,478	
Professional fees	172,402	5,484	85,082	-	-	11,048	42,709	316,725	197,717	2,114	-	199,831	-	516,556	393,221	
Convention costs	443,943	-	-	-	-	-	21,241	465,184	47	-	-	47	-	465,231	332,129	
Awards/gifts and scholarships	36,171	-	85,000	-	477,574	397	9,464	608,606	321	-	-	321	(85,000)	523,927	398,259	
Printing and copying	17,288	-	111,152	-	-	3,263	532	132,235	9,242	680	-	9,922	-	142,157	196,895	
Participant costs and stipends	6,774	-	-	2,872	7,093	-	307,931	324,670	-	-	-	-	-	324,670	326,147	
Office expense	183	-	28,650	-	-	-	350	29,183	-	-	-	-	-	29,183	6,741	
Travel	38,385	26,367	6,143	-	3,746	30,465	41,811	146,917	17,000	14,111	-	31,111	-	178,028	185,825	
Occupancy	258	33,007	-	2,912	30,804	73,634	89,373	229,988	159,936	37,890	-	197,826	-	427,814	366,919	
Computer service and related	8,753	288	-	-	(375)	13,396	5,465	27,527	44,291	-	-	44,291	-	71,818	84,174	
Postage and shipping	3,527	3,159	12,902	150	-	1,006	309	21,053	4,176	27	-	4,203	-	25,256	24,347	
Bad debt expense	-	-	-	-	-	-	-	-	1,734	-	-	1,734	-	1,734	10,146	
Material and supplies	2,872	-	126,775	-	-	2,018	58,038	189,703	15,686	245	-	15,931	-	205,634	25,996	
Telephone and communications	-	112	-	-	-	716	800	1,628	19,388	-	-	19,388	-	21,016	16,192	
Meals and entertainment	23	-	-	33	-	220	157	433	-	-	-	-	-	433	6,546	
Contributions and donations	-	-	-	-	-	-	500	500	100	-	-	100	-	600	50	
Dues and subscriptions	2,194	5,268	-	-	-	1,434	36,043	44,939	1,496	-	-	1,496	-	46,435	34,181	
Advertising	60,030	29,333	7,540	-	-	3,807	2,000	102,710	5,373	-	-	5,373	-	108,083	37,533	
In-kind	-	-	-	-	-	1,527,643	-	1,527,643	-	-	-	-	-	1,527,643	1,847,131	
Meeting expense	2,567	358	-	-	-	15,666	14,904	33,495	13,968	539	-	14,507	-	48,002	30,301	
Interest Expense	-	-	-	-	-	-	-	-	12,904	-	-	12,904	-	12,904	2,884	
Depreciation	-	-	-	-	-	-	-	-	995	-	-	995	-	995	1,281	
Profit Sharing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,261	
Total functional expenses	\$ 1,038,980	\$ 168,255	\$ 466,630	\$ 52,373	\$ 518,842	\$ 1,877,094	\$ 919,632	\$ 5,041,806	\$ 895,859	\$ 188,973	\$ -	\$ 1,084,832	\$ (85,000)	\$ 6,041,638	\$ 5,412,531	

See independent auditors' report

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

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 consolidated financial statements of American Indian Science and Engineering Society and Subsidiary (collectively referred to as AISES, a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related notes to the financial statements, and have issued our report thereon dated August 31, 2018.

Internal Control over Financial Reporting

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

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

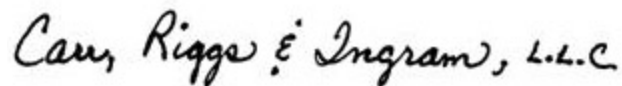
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
August 31, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND 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 the Major Federal Program

We have audited American Indian Science and Engineering Society and Subsidiary (collectively referred to as AISES, a nonprofit organization)'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on AISES's major federal program for the year ended December 31, 2017. AISES's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for AISES's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AISES's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of AISES's compliance.

Opinion on the Major Federal Program

In our opinion, AISES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of AISES is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AISES's internal control over compliance with the types of requirements that could have a direct and material effect on its federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AISES's 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
August 31, 2018

**American Indian Science and Engineering Society and Subsidiary
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017**

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of the Interior					
BIA Energy Challenge		15.U01	\$ 59,048	\$ -	\$ -
Total U.S Department of the Interior			59,048	-	-
U.S. National Science Foundation					
Engineering Grants		47.041	28,546	-	-
Biological Sciences		47.074	326,071	-	-
Education and Human Services		47.076	20,239	-	-
Total U.S. National Science Foundation			374,856	-	-
Department of Energy					
Passed through the Bonneville Power Administration					
Cooperative Agreement	75742	81.U01	50,776	-	-
Total Department of Energy			50,776	-	-
Department of Education					
Indian Education - Special Programs for Indian Children		84.299	155,543	-	-
Total Department of Education			155,543	-	-
U.S. Department of Health and Human Services					
Demonstration Projects for Indian Health		93.933	145,031	-	-
Total U.S. Department of Health and Human Services			145,031	-	-
Total Federal Financial Assistance			\$ 785,254	-	-

See independent auditors' report and notes to schedule of expenditures of Federal awards

American Indian Science and Engineering Society and Subsidiary Notes to the Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (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 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).

2. 10% de Minimus Indirect Cost Rate

The Organization did not elect to use the 10% indirect cost rate

3. Loans

The Organization 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.

4. Federal Funded Insurance

The Organization has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 785,254
Total federal loans outstanding	-
Total expenses funding by other sources	5,256,384
Total expenses	\$ 6,041,638

**American Indian Science and Engineering Society and Subsidiary
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |
| 4. Identification of major programs: | |


CFDA Number

47.074

Federal Program

Biological Sciences

- | | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | No |




**American Indian Science and Engineering Society and Subsidiary
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

None noted



**American Indian Science and Engineering Society and Subsidiary
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

SECTION IV – PRIOR YEAR AUDIT FINDINGS

Prior Year Financial Statements Findings

FS 2016-001 – Control Deficiency – Internal Controls over Journal Entries – Significant Deficiency (resolved)