

NATIVE AMERICAN HERITAGE ASSOCIATION  
Financial Statements  
For the Years Ended August 31, 2025 and 2024

NATIVE AMERICAN HERITAGE ASSOCIATION  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
NATIVE AMERICAN HERITAGE ASSOCIATION

### **Opinion**

We have audited the accompanying financial statements of Native American Heritage Association (a non-profit organization), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Native American Heritage Association as of August 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Native American Heritage Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Native American Heritage Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Native American Heritage Association'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 Native American Heritage Association'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.

*Anderson, Baker & Cook, P.C.*

ANDERSON, BAKER & COOK, P.C.

Leesburg, VA

December 31, 2025

NATIVE AMERICAN HERITAGE ASSOCIATION  
 Statements of Financial Position  
 August 31, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 3,875,740	\$ 7,624,083
Accounts receivable	1,963,589	2,143,296
Inventory (Note 1)	9,688,078	12,149,781
Prepaid expenses	3,150,354	2,899,012
Bequests receivable	1,650,373	16,667
Accrued interest receivable	20,649	-
Total current assets	20,348,783	24,832,839
Property and equipment, at cost net of accumulated depreciation (Note 3)	1,446,831	1,149,301
<b>Other assets:</b>		
Marketable securities (Note 6)	16,119,482	10,070,851
Prepaid expenses, long term	187,239	-
Finance lease right-of -use asset, net of accumulated depreciation	2,434	12,170
Unemployment & refundable deposits	24,956	22,092
Other receivables	1,000	6,280
Total other assets	16,335,111	10,111,393
<b>Total assets</b>	<b>\$ 38,130,725</b>	<b>\$ 36,093,533</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 145,230	\$ 329,329
Accrued expenses	6,783	4,769
Accrued salaries and benefits	193,174	30,632
Finance lease liability - current portion	2,632	10,297
Deferred revenue	7,303,675	6,625,022
Total current liabilities	7,651,494	7,000,049
<b>Other liabilities:</b>		
Finance lease liability	-	2,632
Total liabilities	7,651,494	7,002,681
<b>Net Assets:</b>		
Without donor restrictions	28,896,321	27,507,942
With donor restrictions	1,582,910	1,582,910
Total net assets	30,479,231	29,090,852
<b>Total liabilities and net assets</b>	<b>\$ 38,130,725</b>	<b>\$ 36,093,533</b>

See independent auditor's report and accompanying notes to financial statements.

NATIVE AMERICAN HERITAGE ASSOCIATION  
 Statements of Activities  
 For the Years Ended August 31, 2025 and 2024

	2025	2024
Net assets without donor restrictions:		
Support and revenue:		
Contributions - Cash	\$ 6,530,930	\$ 4,649,611
Contributions - Food	3,485,000	5,040,649
Contributions - Clothing	344,639	1,032,431
Contributions - Gifts in Kind	96,497,993	93,854,640
Sales, net of costs	352,623	330,853
Special events, less related expenses of \$7,531,226 and \$6,899,174 respectively	183,314	783,536
Grants	27,084	23,513
Gain (loss) on asset disposal	7,000	(84,714)
Gain on insurance proceeds	234,938	-
Interest and dividends	312,109	179,098
Realized gain on investments	287,157	406,674
Unrealized gain on investments	1,241,640	1,449,410
Total support and revenue without donor restrictions	109,504,427	107,665,701
Expenses:		
Functional Expenses:		
Program	106,095,479	102,088,916
Management and general	992,468	774,824
Fundraising	1,028,101	966,040
Total functional expenses	108,116,049	103,829,780
Increase in net assets without donor restrictions	1,388,379	3,835,921
Net assets with donor restrictions:		
Donor restricted contributions	-	113,333
Increase in net assets with donor restrictions	-	113,333
Increase in net assets	1,388,379	3,949,254
Net assets at beginning of year	29,090,852	25,141,598
Net assets at end of year	\$ 30,479,231	\$ 29,090,852

See independent auditor's report and accompanying notes to financial statements.

NATIVE AMERICAN HERITAGE ASSOCIATION

Statement of Functional Expenses  
For the Year Ended August 31, 2025

	Program Services	Management and General	Fundraising	Total
Accounting	\$ 8,400	\$ 140,402	\$ -	\$ 148,802
Advertising	-	1,125	22,966	24,091
Bank and credit card charges	-	5,489	13,777	19,266
Computer maintenance	3,989	-	-	3,989
Delivery expense	555,352	-	-	555,352
Depreciation	89,082	22,461	9,735	121,278
Donated goods-clothing	344,639	-	-	344,639
Donations-cash	367,875	-	-	367,875
Donations-Gifts in Kind	98,959,696	-	-	98,959,696
Donations-food	3,485,000	-	-	3,485,000
Dues & fees	836	28,811	6,171	35,818
Employee benefits-insurance	69,522	77,258	128	146,908
Employee benefits-pension	96,605	34,619	11,745	142,969
Envelopes, printing & production	-	-	353,288	353,288
Gifts in Kind fee expense	1,474,869	-	-	1,474,869
Insurance	2,600	250,384	2,990	255,974
Interest expense	-	-	323	323
Legal fees	-	9,903	-	9,903
Meetings & travel	589	10,987	-	11,576
Office expense	782	10,518	542	11,842
Payroll taxes	28,724	25,362	3,036	57,122
Payroll processing fee	652	622	652	1,926
Postage	1,064	12,152	383,290	396,506
Property taxes	-	2,997	-	2,997
Prospect list	-	-	179,775	179,775
Real estate and other taxes	-	4,734	-	4,734
Repairs and maintenance	5,709	96	-	5,805
Salaries	375,770	330,724	39,683	746,177
Security	780	420	-	1,200
State registrations	-	10,515	-	10,515
Telephone	1,632	5,434	-	7,066
Utilities	19,462	7,455	-	26,917
Vehicle expense	201,850	-	-	201,850
Total expenses	<u>\$ 106,095,479</u>	<u>\$ 992,468</u>	<u>\$ 1,028,101</u>	<u>\$ 108,116,049</u>

NATIVE AMERICAN HERITAGE ASSOCIATION  
Statement of Functional Expenses  
For the Year Ended August 31, 2024

	Program Services	Management and General	Fundraising	Total
Accounting	\$ -	\$ 146,653	\$ -	\$ 146,653
Advertising	-	-	10,330	10,330
Bank and credit card charges	-	1,803	22,854	24,657
Computer maintenance	2,751	130	-	2,881
Delivery expense	515,766	-	-	515,766
Depreciation	65,350	22,048	9,735	97,133
Donated goods-clothing	1,032,431	-	-	1,032,431
Donations-cash	430,496	-	-	430,496
Donations-Gifts in Kind	92,113,582	-	-	92,113,582
Donations-food	5,040,649	-	-	5,040,649
Dues & fees	9,943	22,383	6,098	38,424
Employee benefits-child care	1,750	1,750	1,750	5,250
Employee benefits-insurance	53,672	68,772	1,151	123,595
Employee benefits-pension	77,301	32,552	11,905	121,758
Envelopes, printing & production	-	-	311,342	311,342
Gifts in Kind fee expense	2,073,630	-	-	2,073,630
Insurance	2,996	35,180	2,990	41,166
Interest expense	-	-	681	681
Legal fees	-	172	-	172
Meetings & travel	2,957	28,874	-	31,831
Office expense	1,974	11,801	236	14,011
Payroll taxes	32,519	23,633	3,643	59,795
Payroll processing fee	465	466	466	1,397
Postage	2,088	43,669	356,846	402,603
Property taxes	-	3,775	-	3,775
Prospect list	-	-	178,394	178,394
Real estate and other taxes	-	4,491	-	4,491
Repairs and maintenance	16,071	120	-	16,191
Salaries	425,085	297,373	47,619	770,077
Security	780	685	-	1,465
State registrations	-	15,038	-	15,038
Supplies	1,479	89	-	1,568
Telephone	4,864	8,712	-	13,576
Utilities	17,563	4,655	-	22,218
Vehicle expense	162,754	-	-	162,754
<b>Total expenses</b>	<b>\$ 102,088,916</b>	<b>\$ 774,824</b>	<b>\$ 966,040</b>	<b>\$ 103,829,780</b>

See independent auditor's report and accompanying notes to financial statements.

NATIVE AMERICAN HERITAGE ASSOCIATION  
Statements of Cash Flows  
For the Years Ended August 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,388,379	\$ 3,949,254
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	121,278	97,133
(Gain) loss on asset disposal	(7,000)	84,714
Non-cash contributions	(315,805)	(23,790)
Realized (gain) loss on investments	(287,157)	(406,674)
Unrealized (gain) loss on investments	(1,241,640)	(1,449,410)
(Increase) decrease in accounts receivable	179,707	(224,138)
(Increase) decrease in inventories	2,461,703	(1,741,057)
(Increase) decrease in prepaid expenses	(438,581)	(549,967)
(Increase) decrease in bequests receivable	(1,633,706)	-
(Increase) decrease in accrued interest receivable	(20,649)	-
(Increase) decrease in deposits	(2,864)	(3,350)
(Increase) decrease in other receivables	5,280	5,220
Increase (decrease) in accounts payable	(184,099)	86,165
Increase (decrease) in accrued expenses	2,014	(9,263)
Increase (decrease) in accrued salaries and benefits	162,542	(4,222)
Increase (decrease) in deferred revenue	678,653	605,517
Total adjustments	(520,324)	(3,533,122)
Net cash provided (used) by operating activities	868,054	416,132
Cash flows from investing activities:		
Cash payments for the purchase of property	(409,072)	(123,273)
Cash proceeds from the sale of property	7,000	6,000
Investments, net of realized and unrealized gain (loss)	(4,204,029)	33,476
Net cash provided (used) by investing activities	(4,606,101)	(83,797)
Cash flows from financing activities:		
Cash proceeds (repayments) on margin loan	-	66
Repayments of finance lease liability	(10,297)	(9,939)
Net cash provided (used) by financing activities	(10,297)	(9,873)
Net increase (decrease) in cash and equivalents	(3,748,344)	322,462
Cash and cash equivalents - beginning of year	7,624,083	7,301,621
Cash and cash equivalents - end of year	\$ 3,875,739	\$ 7,624,083
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest expense	\$ 323	\$ 681

See independent auditor's report and accompanying notes to financial statements.

# NATIVE AMERICAN HERITAGE ASSOCIATION

## Notes to Financial Statements

August 31, 2025 and 2024

### 1. Summary of significant accounting policies:

A summary of the Organization's significant accounting policies is presented below to assist the reader in evaluating the Organization's financial statements.

**Nature of business:** Native American Heritage Association is a not-for-profit corporation dedicated to helping Native Americans living on and off the tribal reservations in South Dakota and Wyoming. The Organization is headquartered in Rapid City, South Dakota, with certain administrative and fundraising activities carried out at a branch office in Front Royal, Virginia. Virtually all revenue of the Organization is obtained by soliciting monetary and clothing contributions from the general public through direct mail, as well as from food donations by Orphan Grain Train and donated goods from Amazon, Good 360, BluSource, NAEIR, Walmart, and Feed the Children.

The Organization's primary program is to assist Native Americans on tribal reservations through the distribution of donated food, clothing, and other items.

**Cash and cash equivalents:** For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash is held in bank deposit accounts, which, at times, exceed federally insured limits. At August 31, 2025 and 2024, there existed cash deposits of approximately \$5,811,000 and \$7,393,848 in excess of federally insured limits, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Contributed Inventory:** The Organization receives contributed perishable and nonperishable food items from Orphan Grain Train. The Organization pays an administrative fee to cover the costs of handling the food; however, the product itself is considered to be donated and is recorded as inventory and contribution revenue at the time of shipment. The food is distributed on the tribal reservations shortly after receipt. The value of the food inventory for the years ended August 31, 2025 and 2024 was \$0 and \$0, respectively. Distribution expense is recorded at the time the food is distributed. For the years ended August 31, 2025 and 2024, the fair value of the donated food was recorded at \$1.92 and \$1.74 per pound, respectively. Wholesale value is considered to approximate fair market value due to the large quantities of donated food received.

NATIVE AMERICAN HERITAGE ASSOCIATION

Notes to Financial Statements

August 31, 2025 and 2024

1. Summary of significant accounting policies (continued):

The Organization receives contributed clothing from the general public. The clothing is distributed on the tribal reservations shortly after receipt. The value of the clothing inventory for the years ended August 31, 2025 and 2024 was \$0 and \$0, respectively. For the years ended August 31, 2025 and 2024, the Organization recorded the fair market value of the clothing as contribution revenue and distribution expense at an estimated \$14.72 and \$14.72 per pound, respectively.

The Organization receives other contributed items from Good 360, BluSource, NAEIR, Walmart, Feed the Children, and Amazon, such as clothing, personal care/cosmetics, household items, and furniture. The Organization pays an administrative fee to cover the cost of handling, however the products are considered donated and are recorded as inventory and contribution revenue at the time of shipment. The items are distributed on the tribal reservations shortly after receipt. The value of the inventory items for the years ended August 31, 2025 and 2024 was \$9,688,078 and \$12,149,781 respectively. Distribution expense is recorded at the time the items are distributed. The fair value of the donated items is determined by the donor organization to Good 360, BluSource, NAEIR, Walmart, Feed The Children, and Amazon, who then pass the donation to the Organization.

**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 amounts and disclosures reported in the financial statements. Actual results could differ from those estimates.

**Property and depreciation:** Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. All assets over \$2,500 with an estimated useful life exceeding one year are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

**Recognition of revenue and expenses:** The financial statements of the Organization are presented on the accrual basis of accounting.

**Advertising costs:** The Organization expenses all advertising costs as they are incurred.

NATIVE AMERICAN HERITAGE ASSOCIATION

Notes to Financial Statements

August 31, 2025 and 2024

1. Summary of significant accounting policies (continued):

**Functional expenses:** The cost of providing program and other activities has been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations have been made by management on an equitable basis. The Organization conducts no joint activities. The expenses that are allocated include the following:

<u>Expense</u>	<u>Methodology</u>
Accounting	Direct Allocation
Advertising	Direct Allocation
Bank and credit card charges	Direct Allocation
Computer maintenance	Direct Allocation
Custodial	Direct Allocation
Delivery expense	Direct Allocation
Depreciation	Direct Allocation
Donations	Direct Allocation
Dues & fees	Direct Allocation
Employee benefits	Time and effort
Envelopes, printing & production	Direct Allocation
Equipment lease	Direct Allocation
Food distribution expense	Direct Allocation
Gifts in Kind fee expense	Direct Allocation
Insurance	Direct Allocation
Interest expense	Direct Allocation
Legal fees	Direct Allocation
Meetings & travel	Direct Allocation
Office expense	Direct Allocation
Payroll and related taxes	Time and effort
Postage	Direct Allocation
Prospect list	Direct Allocation
Property, real estate and other taxes	Direct Allocation
Repairs and maintenance	Direct Allocation
Security	Direct Allocation
State registrations	Direct Allocation
Supplies	Direct Allocation
Telephone and utilities	Direct Allocation
Vehicle expense	Direct Allocation

## NATIVE AMERICAN HERITAGE ASSOCIATION

### Notes to Financial Statements

August 31, 2025 and 2024

#### 1. Summary of significant accounting policies (continued):

**Contributions:** The Organization records contributions in accordance with FASB Codification 958-605-25. Accordingly, contributions received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As all material used in soliciting contributions gives the Organization variance power to use the contribution “for the most critical need at the time received,” all contribution revenue is considered to be without donor restrictions.

**Income taxes:** The Organization implemented the accounting guidance for uncertainty in income taxes using the provisions of financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. As of August 31, 2025 and 2024, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The federal income tax returns of the Organization for 2025, 2024, and 2023 are subject to examination by the IRS, generally for three years after they were filed.

**Concentrations:** The Organization receives a significant portion of its contributions from Good360, Amazon, NAEIR, BluSource, Feed the Children and Orphan Grain Train, the loss of which could have an impact on the Organization.

**Leases:** In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use lease asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term. Topic 842 also requires the disclosure of key quantitative and qualitative information about leasing arrangements.

NATIVE AMERICAN HERITAGE ASSOCIATION

Notes to Financial Statements

August 31, 2025 and 2024

1. Summary of significant accounting policies (continued):

**Leases (continued):** The Organization adopted this standard on September 1, 2022 using the optional transition method to the modified retrospective approach, which eliminated the requirement to restate the prior period financial statements. Under this transition approach, the Organization has applied Topic 842 to reporting periods beginning on September 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under prior lease guidance in FASB ASC Topic 840.

The Organization has elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (a) whether existing or expired contracts contain leases under the new standard, (b) whether classification of existing capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the initial direct costs under existing leases would meet the definition of initial direct costs in the new guidance.

The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the right-of-use asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on September 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or September 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

NATIVE AMERICAN HERITAGE ASSOCIATION

Notes to Financial Statements

August 31, 2025 and 2024

1. Summary of significant accounting policies (continued):

**Leases (continued):** The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

As a result of the adoption of the new lease accounting guidance, we recognized on September 1, 2022 [beginning of the year of adoption] a lease liability at the carrying amount of the finance lease obligations on August 31, 2021, of \$32,462 and a right-of-use asset at the carrying amount of the finance lease asset of \$31,641. The difference between the additional lease assets and lease liabilities, was immaterial and recorded as a miscellaneous expense. The adoption of Topic 842 did not materially impact net earnings or cash flows.

The standard had a material impact on the Organization's statements of financial position, but did not have an impact on the statements of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the accounting for finance leases remained substantially unchanged.

**Revenue and cost recognition:** The Company has adopted the requirements of FASB ASC 606 using the modified retrospective method.

Under FASB ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of FASB ASC 606, the Company performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the contract price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of FASB ASC 606, the Company assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

NATIVE AMERICAN HERITAGE ASSOCIATION

Notes to Financial Statements

August 31, 2025 and 2024

1. Summary of significant accounting policies (continued):

**Revenue and cost recognition (continued):** The Company has determined that contracts cover a single performance obligation, therefore revenue is considered to be recognized at a single point in time. As a practical expedient, revenue is based on the amount invoiced since that is the

Accounts receivable are based on outstanding amounts due from customers, and Deferred revenue is the amount of collections already received for contracts that have not yet been completed. Because the contracts will be completed within the upcoming year, both accounts are reported as current.

2. Restrictions on assets:

In accordance with FASB Codification 958, Not-for-Profit Entities, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

When a donor stipulated restriction expires in the same reporting period for which the support was received, the support is shown as revenue without donor restrictions.

The Organization received a bequest of \$1,084,390 in July 2019, and an additional \$70,898 in April and May 2020, and \$14,289 in July 2022, with a donor restriction that these be added to the Organization's endowment fund, and the interest generated by the principal is to be used for the Organization's programs. As the Organization has no endowment fund, management has invested the principal balance in marketable securities and uses any interest for their programs.

The Organization received a bequest of \$300,000 in July 2023, and an additional \$113,333 in May 2024 with a donor restriction that these funds be used for providing scholarships to students.

Net assets with donor restrictions totaled \$1,582,910 and \$1,582,910 at August 31, 2025 and 2024, respectively.

NATIVE AMERICAN HERITAGE ASSOCIATION

Notes to Financial Statements

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3. Property and equipment:

Major classifications of property and equipment and their respective depreciable lives at August 31, 2025 and 2024 are summarized below:

	<u>2025</u>	<u>2024</u>
Building and leasehold improvements (27-35 years)	\$ 1,669,474	\$ 1,434,536
Furniture and equipment (3-10 years)	341,533	341,533
Vehicles (5 years)	1,096,187	931,734
Website development (5 years)	24,755	24,755
Land	205,305	205,305
Land improvements (15 years)	46,847	46,847
	<u>3,384,101</u>	<u>2,984,710</u>
Less: accumulated depreciation	(1,937,270)	(1,835,409)
Net property and equipment	<u>\$ 1,446,831</u>	<u>\$ 1,149,301</u>

4. Pension Plan:

Effective January 1, 2002, the Organization adopted a SEP IRA pension plan, whereby full-time employees with a minimum employment period of two years, and who have attained the age of 21 are eligible for the plan. Effective for 2007, the Organization contributes 25% of each eligible employee's wages to the plan. For the years ended August 31, 2025 and 2024, the Organization contributed \$142,969 and \$121,758, respectively. The plan follows the calendar year.

5. Marketable Securities:

The Organization holds marketable securities at August 31, 2025 and 2024. A summary of these holdings is as follows:

	<u>August 31, 2025</u>		
	<u>Cost</u>	<u>Cumulative</u>	<u>Fair</u>
	<u>Basis</u>	<u>Unrealized</u>	<u>Value</u>
		<u>Gain (Loss)</u>	
Cash and equivalents	\$ 2,486,975	\$ -	\$ 2,486,975
Equity securities	3,297,408	6,488,212	9,785,620
Fixed income securities	2,023,323	(184,310)	1,839,013
Mutual Funds	305,275	(67,067)	238,208
Treasury Notes	1,740,640	29,026	1,769,666
	<u>\$ 9,853,621</u>	<u>\$ 6,265,861</u>	<u>\$ 16,119,482</u>

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5. Marketable Securities (continued):

	August 31, 2024		
	Cost Basis	Cumulative Unrealized Gain (Loss)	Fair Value
Cash and equivalents	\$ 24,253	\$ -	\$ 24,253
Equity securities	2,944,789	5,561,539	8,506,328
Fixed income securities	1,755,878	(453,782)	1,302,096
Mutual Funds	315,256	(77,082)	238,174
Treasury Notes	-	-	-
	<u>\$ 5,040,176</u>	<u>\$ 5,030,675</u>	<u>\$ 10,070,851</u>

The unrealized gains and losses on marketable securities for the current year are included as a separate component of other revenue in the accompanying statement of activities.

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes 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 briefly described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2	Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instrument.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair values of all of the marketable securities as of August 31, 2025 and 2024 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs).

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6. Commitments:

As of August 31, 2025, the Organization has entered into the following agreements for costs associated with a fundraising cruise occurring February 23, 2026:

- Cruise ship guest accommodations with Royal Caribbean Cruises, Ltd. for \$3,343,846; of this \$1,594,977 was paid as of August 31, 2025.
- Marketing/registration services and operational management/onsite implementation Sea Planners Group for \$172,500; of this \$135,000 was paid as of August 31, 2025.
- Talent buyer services with 343 Entertainment Corporation for 10% of the total of all artist guarantees up to \$1,250,000, and 5% from \$1,250,001 and up. As of August 31, 2025, total artist guarantees were \$1,025,000, and \$100,000 has been paid for the 10% fee.
- Production services with Light Action Productions for \$743,009; of this \$366,505 was paid as of August 31, 2025.

As of August 31, 2025, the Organization has entered into the following agreements for costs associated with a fundraising cruise occurring February 21, 2027:

- Cruise ship guest accommodations with Royal Caribbean Cruises, Ltd. for \$3,622,255; of this \$137,239 was paid as of August 31, 2025.
- Marketing/registration services and operational management/onsite implementation Sea Planners Group for \$172,500; of this \$50,000 was paid as of August 31, 2025.

7. Related Party Transactions:

The Organization paid a board member's company for marketing/registration services and operational management/onsite. This expense totaled \$160,000 for the year ended August 31, 2025. In addition, \$185,000 has been prepaid for future cruises.

NATIVE AMERICAN HERITAGE ASSOCIATION

Notes to Financial Statements

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8. Availability and Liquidity:

The following represents the Organization's financial assets as of August 31, 2025:

Financial assets at year end:

Cash and cash equivalents \$ 3,875,740

Accounts receivable 1,963,589

Investments 16,119,482

Total financial assets 21,958,811

Less amounts not available to be used within one year:

Net assets with donor restrictions (1,582,910)

Financial assets available to meet general expenditures \$ 20,375,901

9. Subsequent Events:

Subsequent events have been evaluated through December 31, 2025, as this is the date the financial statements were available to be issued.