

**NATIVE AMERICAN HERITAGE ASSOCIATION**  
**Financial Statements**  
**For the Years Ended August 31, 2021 and 2020**

**NATIVE AMERICAN HERITAGE ASSOCIATION**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
NATIVE AMERICAN HERITAGE ASSOCIATION

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Native American Heritage Association as of August 31, 2021 and 2020, 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.

*Bullock & Associates, P.C.*

BULLOCK & ASSOCIATES, P.C.

Leesburg, Virginia

January 11, 2022

NATIVE AMERICAN HERITAGE ASSOCIATION  
 Statements of Financial Position  
 August 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,066,332	\$ 2,345,517
Accounts receivable	1,179,379	1,142,508
Inventory (Note 1)	9,405,334	8,030,694
Prepaid expenses	3,226,366	54,898
Bequests receivable	16,667	68,167
Total current assets	17,894,078	11,641,784
Property and equipment, at cost net of accumulated depreciation (Note 3)	1,344,664	1,449,468
Other assets:		
Marketable securities (Note 6)	8,911,346	7,675,185
Prepaid expenses, long term	-	1,737,435
Unemployment & refundable deposits	17,505	16,038
Total other assets	8,928,851	9,428,658
Total assets	\$ 28,167,593	\$ 22,519,910
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 45,006	\$ 66,547
Accrued expenses	928	8,718
Accrued salaries and benefits	35,519	23,097
Margin loan (Note 5)	165,175	1,313,539
Deferred revenue	6,069,594	-
Refunds payable (Note 10)	-	919,817
Paycheck Protection Program loan (Note 11)	-	128,800
Total current liabilities	6,316,222	2,460,518
Other liabilities:		
Deferred revenue, long term	-	3,363,904
Total other liabilities	-	3,363,904
Net Assets:		
Without donor restrictions	20,696,082	15,540,199
With donor restrictions	1,155,289	1,155,289
Total net assets	21,851,371	16,695,488
Total liabilities and net assets	\$ 28,167,593	\$ 22,519,910

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

NATIVE AMERICAN HERITAGE ASSOCIATION

Statements of Activities

For the Years Ended August 31, 2021 and 2020

	2021	2020
Net assets without donor restrictions:		
Support and revenue:		
Contributions - Cash	\$ 5,327,860	\$ 3,444,843
Contributions - Food	5,184,435	4,863,563
Contributions - Clothing	995,396	1,707,932
Contributions - Gifts in Kind	70,203,223	59,932,315
Sales, net of costs	2,287	181,518
Special events, less related expenses of \$0 and \$5,874,336, respectively	355,718	237,999
Grants	142,873	34,176
Interest and dividends	233,139	259,002
Realized gain on investments	189,660	21,465
Unrealized gain on investments	1,191,619	1,248,415
Total support and revenue without donor restrictions	83,826,210	71,931,228
Expenses:		
Functional Expenses:		
Program	77,129,696	68,759,678
Management and general	636,245	606,421
Fundraising	904,386	1,020,761
Total functional expenses	78,670,327	70,386,860
Increase in net assets without donor restrictions	5,155,883	1,544,368
Net assets with donor restrictions:		
Donor restricted contributions	-	70,899
Increase in net assets with donor restrictions	-	70,899
Increase in net assets	5,155,883	1,615,267
Net assets at beginning of year	16,695,488	15,080,221
Net assets at end of year	\$ 21,851,371	\$ 16,695,488

NATIVE AMERICAN HERITAGE ASSOCIATION  
Statement of Functional Expenses  
For the Year Ended August 31, 2021

	Program Services	Management and General	Fundraising	Total
Accounting	\$ -	\$ 108,938	\$ -	\$ 108,938
Bank and credit card charges	-	2,828	20,270	23,098
Computer maintenance	2,759	115	-	2,874
Delivery expense	168,960	-	-	168,960
Depreciation	65,923	38,881	-	104,804
Donated goods-clothing	995,396	-	-	995,396
Donations-cash	140,629	-	-	140,629
Donations-Gifts in Kind	68,828,583	-	-	68,828,583
Donations-food	5,184,435	-	-	5,184,435
Dues & fees	566	16,917	5,827	23,310
Employee benefits-child care	4,054	4,055	4,055	12,164
Employee benefits-insurance	95,689	74,990	9,156	179,835
Employee benefits-pension	100,045	19,216	19,216	138,477
Envelopes, printing & production	-	5,936	269,656	275,592
Equipment lease	-	2,787	9,719	12,506
Food distribution expense	52,077	-	-	52,077
Gifts in Kind fee expense	1,002,255	-	-	1,002,255
Insurance	33,717	16,590	-	50,307
Interest expense	17	26,948	-	26,965
Legal fees	-	2,857	-	2,857
Meetings & travel	79	273	-	352
Office expense	1,121	5,393	750	7,264
Payroll taxes	22,830	15,105	3,563	41,498
Payroll process fee	359	180	180	719
Postage	-	2,048	336,862	338,910
Property taxes	-	1,554	-	1,554
Prospect list	-	-	171,488	171,488
Real estate and other taxes	-	5,272	-	5,272
Repairs and maintenance	6,185	2,400	-	8,585
Salaries	306,879	251,817	53,644	612,340
Security	660	420	-	1,080
State registrations	-	16,875	-	16,875
Supplies	1,823	79	-	1,902
Telephone	6,761	8,513	-	15,274
Utilities	13,832	5,124	-	18,956
Vehicle expense	94,062	134	-	94,196
<b>Total expenses</b>	<b><u>\$ 77,129,696</u></b>	<b><u>\$ 636,245</u></b>	<b><u>\$ 904,386</u></b>	<b><u>\$ 78,670,327</u></b>

NATIVE AMERICAN HERITAGE ASSOCIATION  
Statement of Functional Expenses  
For the Year Ended August 31, 2020

	Program Services	Management and General	Fundraising	Total
Accounting	\$ -	\$ 102,575	\$ -	\$ 102,575
Advertising	-	378	-	378
Bank and credit card charges	-	1,727	16,833	18,560
Computer maintenance	1,570	464	-	2,034
Custodial	-	6,160	-	6,160
Delivery expense	188,384	-	-	188,384
Depreciation	80,947	39,167	17	120,131
Donated goods-clothing	1,707,932	-	-	1,707,932
Donations-cash	125,434	-	-	125,434
Donations-Gifts in Kind	60,236,588	-	-	60,236,588
Donations-food	4,863,563	-	-	4,863,563
Dues & fees	1,737	14,988	5,718	22,443
Employee benefits-child care	2,296	2,295	2,295	6,886
Employee benefits-insurance	87,910	56,355	6,541	150,806
Employee benefits-pension	84,193	18,290	18,290	120,773
Envelopes, printing & production	-	-	330,319	330,319
Equipment lease	-	8,796	2,745	11,541
Food distribution expense	52,520	-	-	52,520
Gifts in Kind fee expense	852,327	-	-	852,327
Insurance	25,740	24,989	-	50,729
Interest expense	3	53,658	-	53,661
Legal fees	-	105	-	105
Meetings & travel	298	3,064	-	3,362
Office expense	410	5,380	821	6,611
Payroll taxes	20,421	14,507	2,304	37,232
Payroll process fee	943	780	780	2,503
Postage	-	3,874	407,447	411,321
Property taxes	-	3,118	-	3,118
Prospect list	-	-	172,992	172,992
Real estate and other taxes	-	3,566	-	3,566
Repairs and maintenance	3,701	1,913	-	5,614
Salaries	290,488	213,175	53,659	557,322
Security	660	495	-	1,155
State registrations	-	10,688	-	10,688
Supplies	1,736	-	-	1,736
Telephone	5,473	9,253	-	14,726
Utilities	16,327	5,350	-	21,677
Vehicle expense	108,077	1,311	-	109,388
<b>Total expenses</b>	<b><u>\$ 68,759,678</u></b>	<b><u>\$ 606,421</u></b>	<b><u>\$ 1,020,761</u></b>	<b><u>\$ 70,386,860</u></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, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 5,155,883	\$ 1,615,267
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	104,804	120,131
Realized (gain) loss on investments	(189,660)	(21,465)
Unrealized (gain) loss on investments	(1,191,619)	(1,248,415)
(Increase) decrease in accounts receivable	(36,871)	28,759
(Increase) decrease in inventories	(1,374,640)	304,274
(Increase) decrease in prepaid expenses	(1,434,033)	183,285
(Increase) decrease in bequests receivable	51,500	(68,167)
(Increase) decrease in deposits	(1,467)	2,529
Increase (decrease) in accounts payable	(21,541)	16,355
Increase (decrease) in accrued expenses	(7,790)	(1,657)
Increase (decrease) in accrued salaries and benefits	12,422	(1)
Increase (decrease) in deferred revenue	2,705,690	(2,070,424)
Increase (decrease) in refunds payable	(919,817)	919,817
Total adjustments	(2,303,022)	(1,834,979)
Net cash provided (used) by operating activities	2,852,861	(219,712)
Cash flows from investing activities:		
Cash payments for the purchase of property	-	(10,539)
Investments, net of realized and unrealized gain (loss)	145,118	(72,268)
Net cash provided (used) by investing activities	145,118	(82,807)
Cash flows from financing activities:		
Cash proceeds (repayments) on margin loan	(1,148,364)	(384,203)
Cash proceeds from PPP loan	-	128,800
Forgiveness of PPP loan	(128,800)	-
Net cash provided (used) by financing activities	(1,277,164)	(255,403)
Net increase (decrease) in cash and equivalents	1,720,815	(557,922)
Cash and cash equivalents - beginning of year	2,345,517	2,903,439
Cash and cash equivalents - end of year	\$ 4,066,332	\$ 2,345,517
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest expense	\$ 26,965	\$ 53,661

## NATIVE AMERICAN HERITAGE ASSOCIATION

### Notes to Financial Statements

August 31, 2021 and 2020

#### 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 Feeding America and Orphan Grain Train and donated goods from 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, 2021 and 2020, there existed cash deposits of approximately \$3,774,051 and \$2,174,395 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 Feeding America. 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, 2021 and 2020 was \$0 and \$0, respectively. Distribution expense is recorded at the time the food is distributed. For the years ended August 31, 2021 and 2020, the fair value of the donated food was recorded at \$1.79 and \$1.49 per pound, respectively. This value was derived from a study performed by the independent auditors of Feeding America that determined the average wholesale value of one pound of donated product. 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, 2021 and 2020

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, 2021 and 2020 was \$0 and \$0, respectively. For the years ended August 31, 2021 and 2020, 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,

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, 2021 and 2020 was \$9,405,334 and \$8,030,694 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, and Feed The Children, 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 \$1,000 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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization is subject to income tax on any unrelated business net income. At August 31, 2021 and 2020 the Organization had an outstanding liability for securities purchased on margin. Therefore, the Organization incurred unrelated debt-financed income which is subject to income tax. The Organization incurred \$0 and \$0 in unrelated business income tax for the years ended August 31, 2021 and 2020, respectively. The federal income tax returns of the Organization for 2021, 2020, and 2019 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, NAEIR, BluSource, Amazon, Feeding America and Orphan Grain Train, the loss of which could have an impact on the Organization.

NATIVE AMERICAN HERITAGE ASSOCIATION  
Notes to Financial Statements  
August 31, 2021 and 2020

1. Summary of significant accounting policies (continued):

**New Accounting Pronouncement:** On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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 \$70,899 in April and May 2020, with a donor restriction that it 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.

Net assets with donor restrictions totaled \$1,155,289 and \$1,155,289 at August 31, 2021 and 2020, respectively.

NATIVE AMERICAN HERITAGE ASSOCIATION  
Notes to Financial Statements  
August 31, 2021 and 2020

3. Property and equipment:

Major classifications of property and equipment and their respective depreciable lives at August 31, 2021 and 2020 are summarized below:

	<u>2021</u>	<u>2020</u>
Building and leasehold improvements (27-35 years)	\$ 1,693,554	\$ 1,693,554
Furniture and equipment (3-10 years)	359,548	359,548
Vehicles (5 years)	920,463	920,463
Website development (5 years)	24,755	24,755
Land	<u>80,305</u>	<u>80,305</u>
	3,078,625	3,078,625
Less: accumulated depreciation	<u>(1,733,961)</u>	<u>(1,629,157)</u>
Net property and equipment	<u>\$ 1,344,664</u>	<u>\$ 1,449,468</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, 2021 and 2020, the Organization contributed \$138,477 and \$120,773, respectively. The plan follows the calendar year.

5. Margin Loan:

In 2012, the Organization opened a margin account with Wells Fargo Advisors to purchase securities. The securities purchased on margin are considered collateral for the margin loan. The fair value of securities held in margin were \$8,878,450 and \$7,511,556 as of August 31, 2021 and 2020, respectively.

The amount of the loan changes daily when securities are purchased and sold. The rate of interest charged is calculated monthly, based on the average daily debit balance in the margin account. The interest rates at August 31, 2021 and 2020 were 2.75% and 2.75%, respectively. Management, based on income information from Wells Fargo Advisors, has calculated the return/(losses) on investments for the years ended August 31, 2021 and 2020, to be approximately 19.4% and 21.8%, respectively.

NATIVE AMERICAN HERITAGE ASSOCIATION  
Notes to Financial Statements  
August 31, 2021 and 2020

6. Marketable Securities:

The Organization holds marketable securities at August 31, 2021 and 2020. A summary of these holdings is as follows:

	August 31, 2021		
	Cost Basis	Cumulative Unrealized Gain (Loss)	Fair Value
Cash and equivalents	\$ 17,541	\$ -	\$ 17,541
Equity securities	2,702,863	4,503,233	7,206,096
Fixed income securities	1,501,111	66,409	1,567,520
Mutual Funds	132,227	(12,038)	120,189
Preferreds/fixed rate securities	-	-	-
	\$ 4,353,742	\$ 4,557,604	\$ 8,911,346

	August 31, 2020		
	Cost Basis	Cumulative Unrealized Gain (Loss)	Fair Value
Cash and equivalents	\$ 15,358	\$ -	\$ 15,358
Equity securities	2,393,165	3,400,399	5,793,564
Fixed income securities	1,501,882	17,578	1,519,460
Mutual Funds	390,021	(68,728)	321,293
Preferreds/fixed rate securities	25,000	510	25,510
	\$ 4,325,426	\$ 3,349,759	\$ 7,675,185

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.



NATIVE AMERICAN HERITAGE ASSOCIATION  
Notes to Financial Statements  
August 31, 2021 and 2020

6. Marketable Securities (continued):

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, 2021 and 2020 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs).

7. Lease and Related Party:

On January 10, 2018, the Organization entered into a short-term lease for living space in Fort Lauderdale, Florida from January 25, 2018 through January 24, 2019. This lease was renewed on January 22, 2019 for the period from January 24, 2019 through January 23, 2020, and then renewed again on January 22, 2020 for the period from January 23, 2020 through April 23, 2020. The lease stipulates monthly rent is \$3,700 per month, which was due in one payment of \$11,100, upon signing of the lease. This lease is to provide lodging for employees of the Organization when they travel to Florida to conduct business on behalf of the Organization.

NATIVE AMERICAN HERITAGE ASSOCIATION  
Notes to Financial Statements  
August 31, 2021 and 2020

7. Lease and Related Party (continued):

As of August 31, 2021 and 2020, there were no future minimum lease payments required under this lease. Rent paid for the years ended August 31, 2021 and 2020 totaled \$0 and \$26,407, respectively.

8. Commitments:

As of August 31, 2021, the Organization has entered into the following agreements for costs associated with a fundraising cruise occurring February 14, 2022:

- Cruise ship guest accommodations with Royal Caribbean Cruises, Ltd. for \$2,742,123; of this \$1,694,301 was paid as of August 31, 2021.
- Marketing/registration services and operational management/onsite implementation Sea Planners Group for \$150,000; of this \$140,000 was paid as of August 31, 2021.
- Talent buyer services with American Artist Corporation for 10% of the total of all artist guarantees. As of August 31, 2021, total artist guarantees were \$2,109,500, and \$150,000 has been paid for the 10% fee.
- Production services with Light Action Productions for \$627,544; of this \$156,886 was paid as of August 31, 2021.

9. Availability and Liquidity:

The following represents the Organization's financial assets as of August 31, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 4,066,332
Accounts receivable	1,179,379
Investments	8,911,346
Total financial assets	<u>14,157,057</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(1,155,289)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 13,001,768</u>

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10. Refunds Payable:

On September 4, 2020, the Organization announced that it would be postponing its next cruise, Rock Legends Cruise IX, to February 14, 2022. The Organization gave all persons who had booked tickets for the 2021 cruise an opportunity to get refunds. The requests for refunds had to be received by the Organization on or before October 1, 2020. As of October 2, 2020, \$919,817 was refunded to prior ticket holders who met the request deadline.

11. Paycheck Protection Program Loan:

On April 20, 2020, the Organization received loan proceeds in the amount of \$128,800 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("Cares Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, mortgage payments, rent, utilities, and interest on other qualifying debt obligations, and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. On August 9, 2021, the loan was forgiven.

12. Subsequent Events:

Subsequent events have been evaluated through January 11, 2022, as this is the date the financial statements were available to be issued.