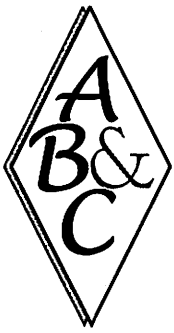


**NATIVE AMERICAN HERITAGE ASSOCIATION**  
**Financial Statements**  
**For the Years Ended August 31, 2022 and 2021**

**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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**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  
June 20, 2023

NATIVE AMERICAN HERITAGE ASSOCIATION  
 Statements of Financial Position  
 August 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 5,549,644	\$ 4,066,332
Accounts receivable	1,408,392	1,179,379
Inventory (Note 1)	10,746,309	9,405,334
Prepaid expenses	2,500,553	3,226,366
Bequests receivable	16,667	16,667
Total current assets	20,221,565	17,894,078
Property and equipment, at cost net of accumulated depreciation (Note 3)	1,252,979	1,344,664
<b>Other assets:</b>		
Marketable securities (Note 6)	7,303,938	8,911,346
Unemployment & refundable deposits	18,567	17,505
Other receivables	16,000	-
Total other assets	7,338,505	8,928,851
<b>Total assets</b>	<b>\$ 28,813,049</b>	<b>\$ 28,167,593</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 25,176	\$ 45,006
Accrued expenses	2,758	928
Accrued salaries and benefits	40,912	35,519
Margin loan (Note 5)	338,104	165,175
Deferred revenue	4,946,967	6,069,594
Total current liabilities	5,353,917	6,316,222
<b>Net Assets:</b>		
Without donor restrictions	22,289,555	20,696,082
With donor restrictions	1,169,577	1,155,289
Total net assets	23,459,132	21,851,371
<b>Total liabilities and net assets</b>	<b>\$ 28,813,049</b>	<b>\$ 28,167,593</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, 2022 and 2021

	2022	2021
Net assets without donor restrictions:		
Support and revenue:		
Contributions - Cash	\$ 5,097,739	\$ 5,327,860
Contributions - Food	4,755,505	5,184,435
Contributions - Clothing	1,024,586	995,396
Contributions - Gifts in Kind	80,830,941	70,203,223
Sales, net of costs	262,011	2,287
Special events, less related expenses of \$5,954,841 and \$0, respectively	379,106	355,718
Grants	36,523	142,873
Interest and dividends	195,992	233,139
Realized gain on investments	4,640	189,660
Unrealized gain (loss) on investments	(1,933,838)	1,191,619
Total support and revenue without donor restrictions	90,653,205	83,826,210
Expenses:		
Functional Expenses:		
Program	87,444,720	77,129,696
Management and general	670,631	636,245
Fundraising	944,382	904,386
Total functional expenses	89,059,733	78,670,327
Increase in net assets without donor restrictions	1,593,472	5,155,883
Net assets with donor restrictions:		
Donor restricted contributions	14,289	-
Increase in net assets with donor restrictions	14,289	-
Increase in net assets	1,607,761	5,155,883
Net assets at beginning of year	21,851,371	16,695,488
Net assets at end of year	\$ 23,459,132	\$ 21,851,371

NATIVE AMERICAN HERITAGE ASSOCIATION

Statement of Functional Expenses  
For the Year Ended August 31, 2022

	Program Services	Management and General	Fundraising	Total
Accounting	\$ -	\$ 108,835	\$ -	\$ 108,835
Bank and credit card charges	25	1,021	31,090	32,136
Computer maintenance	2,529	115	-	2,644
Custodial	-	460	-	460
Delivery expense	137,037	-	-	137,037
Depreciation	53,905	37,780	-	91,685
Donated goods-clothing	1,024,586	-	-	1,024,586
Donations-cash	140,311	-	-	140,311
Donations-Gifts in Kind	79,489,965	-	-	79,489,965
Donations-food	4,755,505	-	-	4,755,505
Dues & fees	516	19,594	6,314	26,424
Employee benefits-child care	2,466	2,467	2,467	7,400
Employee benefits-insurance	82,843	68,657	7,953	159,453
Employee benefits-pension	99,586	30,728	19,822	150,136
Envelopes, printing & production	-	1,111	301,167	302,278
Equipment lease	-	11,289	735	12,024
Food distribution expense	2,598	-	-	2,598
Gifts in Kind fee expense	1,113,261	-	-	1,113,261
Insurance	24,042	25,923	1,578	51,543
Interest expense	151	9,869	-	10,020
Legal fees	-	2,873	-	2,873
Meetings & travel	97	614	-	711
Office expense	1,185	6,208	700	8,093
Payroll taxes	23,646	20,818	3,729	48,193
Payroll process fee	357	308	178	843
Postage	497	1,496	355,723	357,716
Property taxes	-	3,108	-	3,108
Prospect list	-	-	160,991	160,991
Real estate and other taxes	-	3,843	-	3,843
Repairs and maintenance	6,375	-	-	6,375
Salaries	312,289	285,839	51,935	650,063
Security	660	420	-	1,080
State registrations	-	11,892	-	11,892
Supplies	2,428	468	-	2,896
Telephone	5,702	9,367	-	15,069
Utilities	15,712	5,121	-	20,833
Vehicle expense	146,446	407	-	146,853
<b>Total expenses</b>	<b>\$ 87,444,720</b>	<b>\$ 670,631</b>	<b>\$ 944,382</b>	<b>\$ 89,059,733</b>

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
Total expenses	<u>\$ 77,129,696</u>	<u>\$ 636,245</u>	<u>\$ 904,386</u>	<u>\$ 78,670,327</u>



NATIVE AMERICAN HERITAGE ASSOCIATION  
 Statements of Cash Flows  
 For the Years Ended August 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,607,761	\$ 5,155,883
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	91,685	104,804
Realized (gain) loss on investments	(4,640)	(189,660)
Unrealized (gain) loss on investments	1,933,838	(1,191,619)
(Increase) decrease in accounts receivable	(229,013)	(36,871)
(Increase) decrease in inventories	(1,340,975)	(1,374,640)
(Increase) decrease in prepaid expenses	725,813	(1,434,033)
(Increase) decrease in bequests receivable	-	51,500
(Increase) decrease in deposits	(1,062)	(1,467)
(Increase) decrease in other receivables	(16,000)	-
Increase (decrease) in accounts payable	(19,830)	(21,541)
Increase (decrease) in accrued expenses	1,830	(7,790)
Increase (decrease) in accrued salaries and benefits	5,393	12,422
Increase (decrease) in deferred revenue	(1,122,627)	2,705,690
Increase (decrease) in refunds payable	-	(919,817)
Total adjustments	24,412	(2,303,022)
Net cash provided (used) by operating activities	1,632,173	2,852,861
Cash flows from investing activities:		
Investments, net of realized and unrealized gain (loss)	(321,790)	145,118
Net cash provided (used) by investing activities	(321,790)	145,118
Cash flows from financing activities:		
Cash proceeds (repayments) on margin loan	172,929	(1,148,364)
Cash proceeds from PPP loan	-	(128,800)
Net cash provided (used) by financing activities	172,929	(1,277,164)
Net increase (decrease) in cash and equivalents	1,483,312	1,720,815
Cash and cash equivalents - beginning of year	4,066,332	2,345,517
Cash and cash equivalents - end of year	\$ 5,549,644	\$ 4,066,332
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest expense	\$ 10,020	\$ 26,965

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

NATIVE AMERICAN HERITAGE ASSOCIATION  
Notes to Financial Statements  
August 31, 2022 and 2021

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, 2022 and 2021, there existed cash deposits of approximately \$5,569,158 and \$3,774,051 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, 2022 and 2021 was \$0 and \$0, respectively. Distribution expense is recorded at the time the food is distributed. For the years ended August 31, 2022 and 2021, the fair value of the donated food was recorded at \$1.92 and \$1.79 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, 2022 and 2021

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, 2022 and 2021 was \$0 and \$0, respectively. For the years ended August 31, 2022 and 2021, 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, 2022 and 2021 was \$10,746,309 and \$9,405,334 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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021 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, 2022 and 2021, respectively. The federal income tax returns of the Organization for 2022, 2021, and 2020 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, 2022 and 2021

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, 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.

Net assets with donor restrictions totaled \$1,169,577 and \$1,155,289 at August 31, 2022 and 2021, respectively.

**NATIVE AMERICAN HERITAGE ASSOCIATION**

Notes to Financial Statements

August 31, 2022 and 2021

**3. Property and equipment:**

Major classifications of property and equipment and their respective depreciable lives at August 31, 2022 and 2021 are summarized below:

	<u>2022</u>	<u>2021</u>
Building and leasehold improvements (27-35 years)	\$ 1,568,691	\$ 1,693,554
Furniture and equipment (3-10 years)	384,053	359,548
Vehicles (5 years)	895,821	920,463
Website development (5 years)	24,755	24,755
Land	205,305	80,305
	3,078,625	3,078,625
Less: accumulated depreciation	(1,825,646)	(1,733,961)
Net property and equipment	\$ 1,252,979	\$ 1,344,664

**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, 2022 and 2021, the Organization contributed \$150,136 and \$138,477, 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 \$7,020,776 and \$8,878,450 as of August 31, 2022 and 2021, 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, 2022 and 2021 were 5.00% 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, 2022 and 2021, to be approximately (21.44%) and 19.4%, respectively.

NATIVE AMERICAN HERITAGE ASSOCIATION  
Notes to Financial Statements  
August 31, 2022 and 2021

6. Marketable Securities:

The Organization holds marketable securities at August 31, 2022 and 2021. A summary of these holdings is as follows:

	August 31, 2022		
	Cost Basis	Cumulative Unrealized Gain (Loss)	Fair Value
Cash and equivalents	\$ 6,647	\$ -	\$ 6,647
Equity securities	2,753,134	3,312,888	6,066,022
Fixed income securities	1,500,284	(514,825)	985,459
Mutual Funds	327,941	(82,131)	245,810
Preferreds/fixed rate securities	-	-	-
	<u>\$ 4,588,006</u>	<u>\$ 2,715,932</u>	<u>\$ 7,303,938</u>

	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	-	-	-
	<u>\$ 4,353,742</u>	<u>\$ 4,557,604</u>	<u>\$ 8,911,346</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.



NATIVE AMERICAN HERITAGE ASSOCIATION  
Notes to Financial Statements  
August 31, 2022 and 2021

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, 2022 and 2021 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs).

7. Commitments:

As of August 31, 2022, the Organization has entered into the following agreements for costs associated with a fundraising cruise occurring February 13, 2023:

- Cruise ship guest accommodations with Royal Caribbean Cruises, Ltd. for \$3,167,355; of this \$1,467,660 was paid as of August 31, 2022.
- Marketing/registration services and operational management/onsite implementation Sea Planners Group for \$125,000; of this \$97,100 was paid as of August 31, 2022.
- Talent buyer services with American Artist Corporation for 10% of the total of all artist guarantees. As of August 31, 2022, total artist guarantees were \$1,382,500, and \$50,000 has been paid for the 10% fee.

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7. Commitments (continued):

- Production services with Light Action Productions for \$656,418; of this \$314,883 was paid as of August 31, 2022.

8. Availability and Liquidity:

The following represents the Organization's financial assets as of August 31, 2022:

Financial assets at year end:	
Cash and cash equivalents	\$ 5,549,644
Accounts receivable	1,408,392
Investments	7,303,938
Total financial assets	14,261,974
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(1,169,577)
Financial assets available to meet general expenditures over the next twelve months	\$ 13,092,397

9. 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.

10. 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.

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11. Subsequent Events:

In the Organization's board meeting held June 2, 2023, the board members voted to move Pam Myers, current President, to President Emeritus and Erin Hibbs, current Vice President, to President. Three other board members stepped down and two new members were voted in, Jeanna Steele and Cathy Wolfe. Jeanna Steele was voted into the Secretary position and Cathy Wolfe was voted into the Treasurer position.

Subsequent events have been evaluated through June 20, 2023, as this is the date the financial statements were available to be issued.