

NATIVE AMERICAN ADVANCEMENT FOUNDATION

YEARS ENDED DECEMBER 31, 2017 AND 2016

NATIVE AMERICAN ADVANCEMENT FOUNDATION

YEARS ENDED DECEMBER 31, 2017 AND 2016

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Independent Accountants' Review Report

Board of Directors and Management
Native American Advancement Foundation
Tucson, Arizona

We have reviewed the accompanying consolidated financial statements of Native American Advancement Foundation (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

BeachFleischman PC

Tucson, Arizona
June 1, 2018

NATIVE AMERICAN ADVANCEMENT FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 351,441	\$ 47,172
Grants receivable	19,242	54,199
Inventory	1,807	-
Prepaid expenses	<u>5,297</u>	<u>3,733</u>
Total current assets	377,787	105,104
Property and equipment, net	<u>60,418</u>	<u>53,949</u>
	<u>\$ 438,205</u>	<u>\$ 159,053</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 3,562	\$ 2,951
Accrued expenses	<u>905</u>	<u>1,116</u>
Total current liabilities	<u>4,467</u>	<u>4,067</u>
Commitment		
Net assets:		
Unrestricted:		
Undesignated	146,492	75,525
Invested in property and equipment	<u>60,418</u>	<u>53,949</u>
	206,910	129,474
Temporarily restricted	<u>226,828</u>	<u>25,512</u>
	<u>433,738</u>	<u>154,986</u>
	<u>\$ 438,205</u>	<u>\$ 159,053</u>

NATIVE AMERICAN ADVANCEMENT FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017
(See Independent Accountants' Review Report)

	Unrestricted	Temporarily restricted	Total
Revenues and support:			
Contributions	\$ 208,569	\$ 200,000	\$ 408,569
Grants	10,960	132,268	143,228
Grants - AZ Department of Education	-	9,007	9,007
Donated goods and services	10,590	-	10,590
Retail sales	932	-	932
Interest income	19	-	19
Net assets released from restrictions	139,959	(139,959)	-
	371,029	201,316	572,345
Expenses:			
Program services	277,331	-	277,331
Administrative	12,298	-	12,298
Fundraising	3,964	-	3,964
	293,593	-	293,593
Increase in net assets	77,436	201,316	278,752
Net assets, beginning	129,474	25,512	154,986
Net assets, ending	\$ 206,910	\$ 226,828	\$ 433,738

NATIVE AMERICAN ADVANCEMENT FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016
(See Independent Accountants' Review Report)

	Unrestricted	Temporarily restricted	Total
Revenues and support:			
Contributions	\$ 127,157	\$ 3,600	\$ 130,757
Grants	51,637	139,613	191,250
Donated goods and services	11,316	-	11,316
Interest income	2	-	2
Net assets released from restrictions	131,061	(131,061)	-
	321,173	12,152	333,325
Expenses:			
Program services	251,796	-	251,796
Administrative	28,396	-	28,396
Fundraising	8,039	-	8,039
	288,231	-	288,231
Loss on disposal of assets	148	-	148
	288,379	-	288,379
Increase in net assets	32,794	12,152	44,946
Net assets, beginning	96,680	13,360	110,040
Net assets, ending	\$ 129,474	\$ 25,512	\$ 154,986

NATIVE AMERICAN ADVANCEMENT FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(See Independent Accountants' Review Report)

	Program services						Supporting services			Total expenses	
	Academic after-school program	Garden program	General education development	Academic summer program	Virtual learning center	The Store	Total program services	Adminis-trative	Fundraising		Total supporting services
Salaries and wages	\$ 40,670	\$ 7,672	\$ 4,629	\$ 31,212	\$ 8,503	\$ 2,018	\$ 94,704	\$ 5,657	\$ 3,182	\$ 8,839	\$ 103,543
Payroll taxes	3,836	691	452	2,644	651	154	8,428	480	270	750	9,178
	<u>44,506</u>	<u>8,363</u>	<u>5,081</u>	<u>33,856</u>	<u>9,154</u>	<u>2,172</u>	<u>103,132</u>	<u>6,137</u>	<u>3,452</u>	<u>9,589</u>	<u>112,721</u>
Advertising and promotion	2,787	201	-	5,333	55	-	8,376	-	226	226	8,602
Automobile	7,982	283	62	2,204	2,545	521	13,597	130	-	130	13,727
Computer and internet	1,327	-	1,133	-	1,231	176	3,867	-	-	-	3,867
Continuing education	884	63	-	238	63	-	1,248	-	-	-	1,248
Contract labor	711	3,125	1,800	1,336	-	-	6,972	-	-	-	6,972
Cost of goods sold	-	-	-	-	-	605	605	-	-	-	605
Depreciation	7,034	-	-	4,537	5,964	10	17,545	-	-	-	17,545
Dues and subscriptions	399	-	333	196	225	-	1,153	12	205	217	1,370
Fees and licenses	139	-	-	-	-	62	201	10	-	10	211
Field trips	-	-	-	1,015	-	-	1,015	-	-	-	1,015
Food	7,472	67	-	2,277	142	-	9,958	-	-	-	9,958
Grants	912	-	21,445	1,726	-	-	24,083	-	-	-	24,083
Insurance	3,477	74	-	1,341	302	-	5,194	3,058	-	3,058	8,252
Meals	178	139	31	-	148	116	612	-	-	-	612
Miscellaneous	9	-	-	2	3	-	14	380	-	380	394
Postage and delivery	446	18	-	286	22	106	878	119	-	119	997
Professional fees	7,948	1,004	1,235	3,175	2,751	731	16,844	1,346	-	1,346	18,190
Rent	5,022	1,131	616	2,533	4,927	500	14,729	40	-	40	14,769
Repairs and maintenance	-	-	-	-	-	19,222	19,222	-	-	-	19,222
Supplies	4,911	502	215	7,500	238	3,582	16,948	660	81	741	17,689
Telephone	1,739	-	-	89	-	535	2,363	-	-	-	2,363
Travel	1,545	-	-	1,100	153	10	2,808	406	-	406	3,214
Utilities	627	-	-	121	-	1,979	2,727	-	-	-	2,727
Website	1,989	231	100	789	131	-	3,240	-	-	-	3,240
	<u>57,538</u>	<u>6,838</u>	<u>26,970</u>	<u>35,798</u>	<u>18,900</u>	<u>28,155</u>	<u>174,199</u>	<u>6,161</u>	<u>512</u>	<u>6,673</u>	<u>180,872</u>
	<u>\$ 102,044</u>	<u>\$ 15,201</u>	<u>\$ 32,051</u>	<u>\$ 69,654</u>	<u>\$ 28,054</u>	<u>\$ 30,327</u>	<u>\$ 277,331</u>	<u>\$ 12,298</u>	<u>\$ 3,964</u>	<u>\$ 16,262</u>	<u>\$ 293,593</u>

See notes to consolidated financial statements.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016
(See Independent Accountants' Review Report)

	Program services					Supporting services				Total expenses
	Academic after-school program	Garden program	General education development	Academic summer program	Virtual learning center	Total program services	Adminis-trative	Fundraising	Total supporting services	
Salaries and wages	\$ 79,951	\$ 3,867	\$ 7,521	\$ 28,635	\$ 390	\$ 120,364	\$ 7,830	\$ 7,830	\$ 15,660	\$ 136,024
Payroll taxes	7,055	296	675	3,063	38	11,127	242	-	242	11,369
	<u>87,006</u>	<u>4,163</u>	<u>8,196</u>	<u>31,698</u>	<u>428</u>	<u>131,491</u>	<u>8,072</u>	<u>7,830</u>	<u>15,902</u>	<u>147,393</u>
Advertising and promotion	360	9	9	9	9	396	-	-	-	396
Automobile	5,823	837	1,865	2,049	205	10,779	24	-	24	10,803
Computer and internet	784	16	1,223	77	544	2,644	33	-	33	2,677
Continuing education	5,358	828	1,144	11	-	7,341	-	-	-	7,341
Contract labor	2,028	3,125	1,040	-	1,400	7,593	-	-	-	7,593
Depreciation	8,245	-	-	4,122	4,122	16,489	-	-	-	16,489
Dues and subscriptions	422	29	910	251	29	1,641	-	134	134	1,775
Fees and licenses	274	-	4	639	-	917	62	-	62	979
Field trips	809	-	-	535	250	1,594	-	-	-	1,594
Food	6,939	53	474	5,656	31	13,153	-	-	-	13,153
Grants	951	-	2,086	500	-	3,537	-	-	-	3,537
Insurance	4,732	87	468	1,544	4	6,835	3,149	75	3,224	10,059
Meals	1,050	173	191	538	9	1,961	41	-	41	2,002
Miscellaneous	1,140	-	-	122	-	1,262	157	-	157	1,419
Postage and delivery	460	34	-	120	34	648	9	-	9	657
Professional fees	618	296	553	402	199	2,068	14,682	-	14,682	16,750
Rent	3,703	410	410	1,689	3,606	9,818	50	-	50	9,868
Repairs and maintenance	697	-	-	-	-	697	756	-	756	1,453
Supplies	16,049	325	201	2,387	133	19,095	247	-	247	19,342
Telephone	875	375	-	67	-	1,317	320	-	320	1,637
Travel	3,532	-	1,766	3,323	753	9,374	95	-	95	9,469
Utilities	252	-	-	47	-	299	699	-	699	998
Website	166	25	351	165	140	847	-	-	-	847
	<u>65,267</u>	<u>6,622</u>	<u>12,695</u>	<u>24,253</u>	<u>11,468</u>	<u>120,305</u>	<u>20,324</u>	<u>209</u>	<u>20,533</u>	<u>140,838</u>
	<u>\$ 152,273</u>	<u>\$ 10,785</u>	<u>\$ 20,891</u>	<u>\$ 55,951</u>	<u>\$ 11,896</u>	<u>\$ 251,796</u>	<u>\$ 28,396</u>	<u>\$ 8,039</u>	<u>\$ 36,435</u>	<u>\$ 288,231</u>

See notes to consolidated financial statements.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 278,752	\$ 44,946
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	17,545	16,489
Loss on disposal of assets	-	148
Changes in operating assets and liabilities:		
Grants receivable	34,957	(50,211)
Other receivables	-	1,030
Inventory	(1,807)	-
Prepaid expenses	(1,564)	(1,499)
Accounts payable	611	(3,401)
Accrued expenses	(211)	(1,000)
Net adjustments	<u>49,531</u>	<u>(38,444)</u>
Net cash provided by operating activities	<u>328,283</u>	<u>6,502</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(24,014)</u>	<u>-</u>
Net cash used in investing activities	<u>(24,014)</u>	<u>-</u>
Net increase in cash and cash equivalents	304,269	6,502
Cash and cash equivalents, beginning	<u>47,172</u>	<u>40,670</u>
Cash and cash equivalents, ending	<u>\$ 351,441</u>	<u>\$ 47,172</u>

See notes to consolidated financial statements.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)**

1. Description of organization and summary of significant accounting policies:

Organization:

Native American Advancement Foundation (NAAF) was incorporated in Arizona in May 2011 as a not-for-profit corporation. The purpose of NAAF is to assist and promote research based, community driven, sustainable development throughout the Tohono O'odham Nation. NAAF partners with various organizations to provide the necessary support needed for the advancement of Native American communities and is supported primarily in southern Arizona.

The Store LLC (The Store) was organized in 2017 and is a wholly owned subsidiary of NAAF. The Store was established to operate a convenience store in the village of GuVo on the Tohono O'odham Nation and further NAAF's mission to provide support needed for the advancement of Native American Communities.

Included in the accompanying consolidated financial statements are the following program services:

- Academic after-school program - This program provides children a safe and nurturing place to go after school and receive a healthy snack, tutoring and homework assistance. Students begin each session with study hour where instructors provide tutoring in reading, writing, math, science, and the study of computer programming and robotics. STEM activities take place every-other session. Through a partnership with Cenpatico's Prevention Services, NAAF teaches the students Too Good for Drugs and Violence lessons to increase the perception of harm of underage drinking and drug use. Upon completion of their studies, the students participate in cultural, arts and crafts, games and outdoor activities.
- Garden program - This program is a collaboration between NAAF, Arizona Food Corp, and San Simon School and provides lessons from the garden to students in the classroom using curriculum created by the University of Arizona. Food from the garden is served to students in the school cafeteria to teach students the importance of healthy eating and help combat type 2 diabetes.
- General education development (GED) - This program seeks to return people to the workforce by providing instruction and support to earn their GED.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)

1. Description of organization and summary of significant accounting policies (continued):

Organization (continued):

- Academic summer program - This program is an extension of the after-school program during the summer months. The goal of the program is to promote education, build the youths' self-esteem, spark curiosity, and shape strong, healthy, contributing members of society. The program focuses on teaching reading, math, technology and health education. Also incorporated are the teaching and development of traditional Tohono O'odham art, handcrafts, language, gardening and cultural history. The students take field trips to educational hotspots such as Kitt Peak, The Pima Air & Space Museum, Biosphere 2, as well as important locations on the reservation such as the historic village Kukatch-ancestral lands where the kids learn respect for elders and basic survival techniques. Through a partnership with Cenpatico's Prevention Services, the Foundation teaches the students Too Good for Drugs and Violence lessons to increase the perception of harm of underage drinking and drug use. Students are fed a healthy snack and lunch daily.
- Virtual learning center - The virtual learning center (VLC) is a program that provides online support for students who wish to finish their education on their own time, whether due to employment during school hours or family commitments, or to keep up with their credits until a time when they can reintegrate into the traditional school system. Youth who have dropped out of school are able to re-engage in a learning environment and register for online classes. This program serves as a tool in educating the Nation's most at-risk youth. Young adults who have dropped out of school are also given the opportunity to enroll in an online credit recovery program and work towards receiving their high school diploma. Additionally, the VLC laptops are equipped with tutoring programs and academic support services.
- The Store - The store is a program that provides four rural communities with access to food. In addition, The Store provides job training and internships for high school and college students, allowing them to build their resumes for future employment. The Store helps break a cycle of poverty among women by offering part time employment. Finally, The Store serves as a gathering place for locals to enjoy outside games and events in a safe and drug/alcohol free environment, promoting a drug/alcohol free lifestyle in a prevention type model.

Principles of consolidation:

The consolidated financial statements include the accounts of NAAF and its wholly owned subsidiary, The Store (collectively, "the Foundation"). All significant intercompany balances and transactions have been eliminated in consolidation.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)

1. Description of organization and summary of significant accounting policies (continued):

Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial statement presentation:

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. At December 31, 2017 and 2016, the Foundation had no permanently restricted net assets.

Recognition of donor restricted contributions:

The Foundation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets to a specific time period or a specific purpose. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Donated services and facilities:

Support arising from donated services and facilities is recognized in the consolidated financial statements at its fair value. Donated services are recognized when the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Several individuals volunteer their time and perform a variety of administrative tasks that assist the Foundation. No amounts have been recorded in the consolidated financial statements for these contributed services as the criteria above were not met or there is no objective basis to reasonably estimate these amounts.

Cash and cash equivalents:

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

All cash and cash equivalents are placed with various credit institutions. At times, such amounts may be in excess of the FDIC insurance limits; however, management does not believe they are exposed to any significant credit risk on cash and cash equivalents.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)**

1. Description of organization and summary of significant accounting policies (continued):

Grants receivable:

Receivables consist of grants awarded in writing by private companies that have been recognized for accounting purposes but not yet collected.

Inventory:

Inventory consists of food and beverages and is stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and equipment:

Property and equipment are stated at cost. Property and equipment with a value of greater than or equal to \$500 and a useful life of more than one year is capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets of 5 to 7 years.

Functional expenses

Expenses that can be identified with a specific program are charged directly to the program according to their natural expense classification. Costs incurred that share a common purpose are allocated to the various programs and supporting services benefited. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising:

Advertising costs are expensed as incurred.

Tax exempt status:

NAAF is exempt from income taxes under both federal (Internal Revenue Code Section 501(c)(3)) and Arizona income tax laws, and is classified as other than a private foundation. Accordingly, no provision for federal and state income taxes is made. Income from certain activities not directly related to the NAAF's tax-exempt purpose, however, may be subject to taxation as unrelated business taxable income (UBTI). The Store is considered a disregarded entity for tax purposes and its activity is reported with NAAF's activity for tax purposes.

GAAP requires management to perform an evaluation of all tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statutes of limitations, for federal and state purposes.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)

1. Description of organization and summary of significant accounting policies (continued):

Tax exempt status (continued):

The Foundation is only subject to income taxes on UBTI as applicable. As a result, the Foundation is required to file informational returns for federal and state purposes and, if it has UBTI, federal and state income tax returns. Management has performed its evaluation of tax positions taken on all open tax years and has determined that there were no positions taken that do not meet the "more likely than not" standard.

From time to time, the Foundation may be subject to penalties and interest assessed by various taxing authorities, which are classified as administrative expenses if they occur.

Subsequent events:

The Foundation's management has evaluated the events that have occurred subsequent to December 31, 2017 through June 1, 2018, the date that the consolidated financial statements were available to be issued. Management has no responsibility to update these consolidated financial statements for events and circumstances occurring after this date.

2. Property and equipment:

	<u>2017</u>	<u>2016</u>
Computers and equipment	\$ 28,981	\$ 21,884
Vehicles	<u>78,407</u>	<u>61,490</u>
	107,388	83,374
Less accumulated depreciation	<u>46,970</u>	<u>29,425</u>
	<u>\$ 60,418</u>	<u>\$ 53,949</u>

3. Commitment:

During 2016, NAAF entered into a lease for office facilities under an operating lease that expires in October 2018. In 2017, the Store entered into a lease for retail facilities under an operating lease that expires in July 2022 and provides for three consecutive five-year renewals. The lease requires monthly payments of \$500 and is cancelable with 60 days notice. Lease expense for 2017 and 2016 was \$6,600 and \$2,200.

Future minimum lease payments under noncancelable operating leases are \$5,500 for the year ended December 31, 2018.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)

4. Temporarily restricted net assets:

Temporarily restricted net asset activity for the years ended December 31, 2017 and 2016 is as follows:

	2017			
	Beginning balance	Contributions	Releases	Ending balance
Program restrictions:				
Academic after-school	\$ 15,034	\$ 132,540	\$ (122,169)	\$ 25,405
Academic summer	1,915	5,120	(6,492)	543
Building fund	7,430	201,040	(8,380)	200,090
Garden	-	2,575	(2,009)	566
General education development	3	-	(3)	-
Housing	1,068	-	(844)	224
Other	62	-	(62)	-
	<u>\$ 25,512</u>	<u>\$ 341,275</u>	<u>\$ (139,959)</u>	<u>\$ 226,828</u>
	2016			
	Beginning balance	Contributions	Releases	Ending balance
Program restrictions:				
Academic after-school	\$ 3,066	\$ 107,419	\$ (95,451)	\$ 15,034
Academic summer	804	27,569	(26,458)	1,915
Building fund	3,510	3,920	-	7,430
General education development	30	705	(732)	3
Housing	2,665	-	(1,597)	1,068
Virtual learning center	3,035	-	(3,035)	-
Other	250	3,600	(3,788)	62
	<u>\$ 13,360</u>	<u>\$ 143,213</u>	<u>\$ (131,061)</u>	<u>\$ 25,512</u>

NATIVE AMERICAN ADVANCEMENT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)

5. Concentrations:

The Foundation derives a portion of its revenue from donations from the general public. At times, donations from particular donors may constitute a concentration in accordance with accounting standards. During 2017, 56% of total revenues were received from one donor. For 2016, 27% of total revenues were received from two donors.

At December 31, 2017, two organizations accounted for 100% of grants receivable.

6. Donated goods and services:

	<u>2017</u>	<u>2016</u>
Rent	\$ 7,668	\$ 7,668
Professional fees	1,680	-
Travel	-	3,251
Food	-	179
Supplies	1,242	168
Telephone	-	50
	<u>\$ 10,590</u>	<u>\$ 11,316</u>

7. Related party transactions:

In 2016, three board members donated funds totaling approximately \$38,000.

8. Reclassifications:

The 2016 consolidated financial statements have been reclassified in order to conform to the 2017 financial statement presentation. The reclassifications had no effect on net assets at December 31, 2016 or on the increase in net assets for the year then ended.

NATIVE AMERICAN ADVANCEMENT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016
(See Independent Accountants' Review Report)

9. Pending pronouncements:

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers." ASU 2014-09 applies to contracts with customers, excluding, most notably, insurance and leasing contracts. ASU 2014-09 prescribes a framework in accounting for revenues from contracts within its scope, including (a) identifying the contract, (b) identifying the performance obligations under the contract, (c) determining the transaction price, (d) allocating the transaction price to the identified performance obligations and (e) recognizing revenues as the identified performance obligations are satisfied. ASU 2014-09 also prescribes additional financial statement presentations and disclosures. ASU 2014-09 is effective for reporting periods beginning after December 15, 2018, with early adoption permitted.

In February 2016, the FASB issued ASU 2016-02 "Leases." ASU 2016-02 requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term, along with additional qualitative and quantitative disclosures. ASU 2016-02 is effective for reporting periods beginning after December 15, 2019, with early adoption permitted.

Management is currently evaluating the effect that these standards will have on the consolidated financial statements.