

CULTURAL SURVIVAL, INC.
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2022 AND 2021



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**CULTURAL SURVIVAL, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cultural Survival, Inc.
Cambridge, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cultural Survival, Inc. (a nonprofit 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 Cultural Survival, Inc., 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cultural Survival, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Cultural Survival, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 and Cultural Survival, Inc.'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 Cultural Survival, Inc.'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.



CliftonLarsonAllen LLP

Boston, Massachusetts
February 27, 2023

CULTURAL SURVIVAL, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,609,834	\$ 2,640,672
Investments	747,754	247,855
Grants Receivable, Current Portion	625,000	-
Prepaid Expenses and Other Assets	4,120	4,120
Total Current Assets	4,986,708	2,892,647
GRANTS RECEIVABLE, NET OF CURRENT PORTION	100,000	-
PROPERTY AND EQUIPMENT		
Equipment and Furniture	23,752	23,752
Software	19,720	19,720
Subtotal	43,472	43,472
Less: Accumulated Depreciation	43,472	43,472
Net Property and Equipment	-	-
ENDOWMENT INVESTMENTS	51,054	50,579
Total Assets	\$ 5,137,762	\$ 2,943,226
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 2,424	\$ 2,889
Accrued Expenses	103,111	68,409
Total Liabilities	105,535	71,298
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,620,781	1,332,327
Total Without Donor Restrictions	2,620,781	1,332,327
With Donor Restrictions:		
Purpose and Time Restrictions	2,360,392	1,489,022
Endowment Fund	51,054	50,579
Total With Donor Restrictions	2,411,446	1,539,601
Total Net Assets	5,032,227	2,871,928
Total Liabilities and Net Assets	\$ 5,137,762	\$ 2,943,226

See accompanying Notes to Financial Statements.

**CULTURAL SURVIVAL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022**

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Endowment Fund	
REVENUE, SUPPORT, AND GAINS				
Contributions and Subscriptions	\$ 754,119	\$ 223,275	\$ -	\$ 977,394
Grant Revenue	1,666,548	2,409,925	-	4,076,473
Indigenous Crafts Bazaar Income	-	-	-	-
Investment Income	1,086	-	475	1,561
Realized and Unrealized Losses on Investments	(1,994)	-	-	(1,994)
Sales of Publications	5,908	-	-	5,908
Program Loans	-	-	-	-
Other Income	-	-	-	-
Total Support and Other Income	2,425,667	2,633,200	475	5,059,342
Net Assets Released from Restrictions	1,761,830	(1,761,830)	-	-
Total Revenue, Support, and Gains	4,187,497	871,370	475	5,059,342
EXPENSES AND LOSSES				
Program Services Expense:				
Programs and Publications	2,381,384	-	-	2,381,384
Supporting Services Expense:				
Management and General	345,028	-	-	345,028
Fundraising and Development	172,631	-	-	172,631
Total Supporting Services Expenses	517,659	-	-	517,659
Total Expenses	2,899,043	-	-	2,899,043
CHANGE IN NET ASSETS	1,288,454	871,370	475	2,160,299
Net Assets - Beginning of Year	1,332,327	1,489,022	50,579	2,871,928
NET ASSETS - END OF YEAR	<u>\$ 2,620,781</u>	<u>\$ 2,360,392</u>	<u>\$ 51,054</u>	<u>\$ 5,032,227</u>

See accompanying Notes to Financial Statements.

**CULTURAL SURVIVAL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021**

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Endowment Fund	
REVENUE, SUPPORT, AND GAINS				
Contributions and Subscriptions	\$ 749,509	\$ 54,271	\$ 10,000	\$ 813,780
Grant Revenue	856,271	2,451,977	-	3,308,248
Indigenous Crafts Bazaar Income	15,341	-	-	15,341
Investment Income	459	-	986	1,445
Realized and Unrealized Gains on Investments	11,939	-	-	11,939
Sales of Publications	13,879	-	-	13,879
Forgiveness of Paycheck Protection Program Loans	265,300	-	-	265,300
Other Income	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Support and Other Income	1,912,700	2,506,248	10,986	4,429,934
Net Assets Released from Restriction	1,302,373	(1,302,373)	-	-
Total Revenue, Support, and Gains	<u>3,215,073</u>	<u>1,203,875</u>	<u>10,986</u>	<u>4,429,934</u>
EXPENSES AND LOSSES				
Program Services Expense:				
Programs and Publications	1,794,341	-	-	1,794,341
Supporting Services Expense:				
Management and General	245,777	-	-	245,777
Fundraising and Development	<u>231,605</u>	<u>-</u>	<u>-</u>	<u>231,605</u>
Total Supporting Services Expenses	<u>477,382</u>	<u>-</u>	<u>-</u>	<u>477,382</u>
Total Expenses and Losses	<u>2,271,723</u>	<u>-</u>	<u>-</u>	<u>2,271,723</u>
CHANGE IN NET ASSETS	943,350	1,203,875	10,986	2,158,211
Net Assets - Beginning of Year	<u>388,977</u>	<u>285,147</u>	<u>39,593</u>	<u>713,717</u>
NET ASSETS - END OF YEAR	<u>\$ 1,332,327</u>	<u>\$ 1,489,022</u>	<u>50,579</u>	<u>\$ 2,871,928</u>

See accompanying Notes to Financial Statements.

CULTURAL SURVIVAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	<u>Programs and Publications</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Direct Support, Including Grants	\$ 1,161,514	\$ 34,507	\$ 1,367	\$ 1,197,388
Indigenous Crafts Bazaar	14,066	-	-	14,066
Salaries	559,501	143,866	88,028	791,395
Payroll Taxes and Fringe Benefits	178,181	45,816	28,034	252,031
Consultants	127,830	5,000	-	132,830
Postages and Shipping	6,913	2,544	4,727	14,184
Printing and Copying	9,773	1,740	18,395	29,908
Bank and Credit Card Fees	4,166	8,240	8,314	20,720
Dues and Subscriptions	548	1,350	5,289	7,187
Office Expenses	42,912	11,034	6,752	60,698
Professional Fees	10,872	28,928	-	39,800
Equipment Lease Expense	-	46,064	-	46,064
Telephone	5,596	1,439	881	7,916
Marketing Expenses	37,530	562	-	38,092
Travel, Meals, and Entertainment	159,939	572	2,666	163,177
Utilities and Internet	10,062	-	-	10,062
Insurance	8,880	2,283	1,397	12,560
Rent Expense	43,101	11,083	6,781	60,965
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 2,381,384</u>	<u>\$ 345,028</u>	<u>\$ 172,631</u>	<u>\$ 2,899,043</u>

See accompanying Notes to Financial Statements.

CULTURAL SURVIVAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	<u>Programs and Publications</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Direct Support, including Grants	\$ 1,145,848	\$ -	\$ -	\$ 1,145,848
Indigenous Crafts Bazaar	30,754	-	-	30,754
Payroll	371,179	140,332	129,826	641,337
Payroll Taxes and Benefits	87,760	33,180	30,695	151,635
Consultants	25,499	22,553	11,630	59,682
Postages and Shipping	7,143	2,387	6,742	16,272
Printing and Copying	10,795	396	11,532	22,723
Bank and Credit Card Fees	7,072	2,804	8,965	18,841
Dues and Subscriptions	402	735	7,713	8,850
Office Expenses	15,419	5,645	5,222	26,286
Professional Fees	-	14,362	-	14,362
Equipment Lease Expense	-	3,060	-	3,060
Repairs and Maintenance	6,705	2,535	2,345	11,585
Telephone	5,010	1,894	1,752	8,656
Marketing Expenses	19,840	-	-	19,840
Travel, Meals and Entertainment	12,527	-	480	13,007
Utilities and Internet	6,351	-	-	6,351
Insurance	7,291	2,757	2,550	12,598
Rent Expense	34,746	13,137	12,153	60,036
	<u>\$ 1,794,341</u>	<u>\$ 245,777</u>	<u>\$ 231,605</u>	<u>\$ 2,271,723</u>

See accompanying Notes to Financial Statements.

**CULTURAL SURVIVAL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,160,299	\$ 2,158,211
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Forgiveness of Paycheck Protection Program Loans	-	(265,300)
Unrealized Losses (Gains) on Investments	1,994	(11,939)
Changes in Operating Assets and Liabilities:		
Grants Receivable	(725,000)	-
Accrued Expenses and Accounts Payable	34,237	29,407
Net Cash Provided by Operating Activities	1,471,530	1,910,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(502,368)	(10,339)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program Loan Proceeds	-	132,650
NET CHANGE IN CASH AND CASH EQUIVALENTS	969,162	2,032,690
Cash and Cash Equivalents - Beginning of Year	2,640,672	607,982
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,609,834	\$ 2,640,672

See accompanying Notes to Financial Statements.

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Cultural Survival, Inc. (the Organization) is a nonprofit 501 (c)(3) nongovernmental organization that was founded in 1972 to promote the rights, voices, and visions of Indigenous Peoples around the world. Through education forums, cutting-edge and widely read publications, research, projects, advocacy, partnerships, and an interactive web site. The Organization works towards a world in which Indigenous Peoples are able to determine their own futures on their own lands. It further works as a medium through which Indigenous Peoples can network with other groups facing similar problems and with other organizations that can help to ensure that their human rights, including their right to self-determination, are protected, and promoted.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Change in Accounting Principle

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as amended, that requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and to provide additional disclosures to disaggregate the amount of contributed nonfinancial assets were either monetized or utilized during the reporting period, description of the programs utilizing the assets, description of any donor-imposed restrictions, and description of valuation techniques. The Organization adopted ASU 2020-07 in fiscal year 2022.

Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At August 31, 2022 and 2021, there was no allowance as there were no outstanding promises to give as management believed they were fully collectible.

Property and Equipment

The Organization records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended August 31, 2022 and 2021.

As of August 31, 2022 and 2021, all property and equipment was fully depreciated and therefore, there was no depreciation expense incurred during the year.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions that may be designated for specific purposes by action of the board of trustees (the board).

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resources was restricted has been fulfilled, or both. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintain in perpetuity.

Net Assets with donor restrictions are further classified as follows:

- Purpose and Time Restricted Funds – represent net assets subject to donor-imposed restrictions that will be met by the passage of events specified by the donor.
- Perpetual in Nature – represent net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenue and Revenue Recognition

To determine revenue recognition for the arrangements that the Organization determines are within the scope of *Topic 606*, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Organization satisfies a performance obligation. Indigenous crafts bazaar income and sales of publications are recognized as revenue without restrictions over time when the goods, service, or event occurs. There were no contract assets or liabilities related to *Topic 606* revenue in 2022 or 2021.

The Organization receives grants and contributions from various donors and grantors, including unconditional promises to give, that are recognized as revenue in the period received. Conditional grants, contributions, and promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional grants as of August 31, 2022 and 2021.

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Donated Goods and Services

Donated services are recognized as contributions in accordance with professional standards if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization receives donated services from a variety of unpaid volunteers assisting the Organization with administering its indigenous advocacy programs. However, none of this has been recognized in the accompanying statement of activities because the volunteer activities do not meet the criteria for recognition of such volunteer effort under auditing standards generally accepted in the United States of America.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$3,707 and \$3,458 during the years ended August 31, 2022 and 2021, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, consultants, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

Cultural Survival, Inc. is organized as a Massachusetts nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and has been determined not to be a private foundation under IRC Sections 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization does not believe it is subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes (Continued)

Management has evaluated the tax positions taken on returns for open years and those expected to be taken on the returns for the years ended August 31, 2022 and 2021. It is management's belief that such tax positions are more likely than not to be sustained upon examination by tax authorities. Accordingly, no liability for uncertain tax positions has been reflected in these financial statements. Returns for tax years beginning with those filed for the year ended August 31, 2019 are open to examination.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations supportive of the mission.

Subsequent Events

The Organization has evaluated subsequent events through February 27, 2023, the date the financial statements were available to be issued.

NOTE 2 AVAILABLE RESOURCES AND LIQUIDITY

The Organization monitors liquidity required to meet its operating needs. The Organization's sources of liquidity include cash and cash equivalents and investments.

For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities to be general expenditures.

Financial assets are comprised of the following as of August 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,609,834	\$ 2,640,672
Grants Receivable, Current Portion	625,000	-
Investments	798,808	298,434
Total Financial Assets	<u>4,408,642</u>	<u>2,939,106</u>
Less: Endowment Restricted Investments	(51,054)	(50,579)
Less: Net Assets with Purpose Restrictions	<u>(1,640,392)</u>	<u>(977,522)</u>
Financial Assets Available for Use in Operations	<u>\$ 2,717,196</u>	<u>\$ 1,911,005</u>

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organizations own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develop inputs using the best information available in the circumstances.

For purposes of financial reporting, the Organization has determined that the fair values of its financial instruments, which include cash and cash equivalents and publicly traded domestic mutual funds, approximate the carrying values under Level 1 at August 31, 2022 and 2021, based on their short maturities and/or the terms available to the Organization in the financial market.

The following table presents assets measured at fair value on a recurring basis at August 31:

	2022			
	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 748,755	\$ 748,755	\$ -	\$ -
Exchange Traded Products	36,622	36,622	-	-
Equities	13,431	13,431	-	-
Total	<u>\$ 798,808</u>	<u>\$ 798,808</u>	<u>\$ -</u>	<u>\$ -</u>
	2021			
	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 246,553	\$ 246,553	\$ -	\$ -
Exchange Traded Products	40,499	40,499	-	-
Equities	11,382	11,382	-	-
Total	<u>\$ 298,434</u>	<u>\$ 298,434</u>	<u>\$ -</u>	<u>\$ -</u>

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 4 ENDOWMENT

The Organization's endowment fund consists of donations with donor restrictions that are perpetual in nature. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of perpetual donor-imposed restrictions.

The board of directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. the Organization considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

For the fiscal year ended August 31, 2022, the endowment consisted of the corpus of \$45,300 and appreciation on the corpus \$5,754. During the year ended August 31, 2022, changes in the endowment balance consisted of earnings of \$475.

For the fiscal year ended August 31, 2021, the endowment consisted of the corpus of \$35,300 and appreciation on the corpus \$4,293. During the year ended August 31, 2021, changes in the endowment balance consisted of contributions of \$10,000 and earnings of \$986.

As of August 31, 2022 and 2021, the endowment consisted of money market funds.

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There are no such fund deficiencies as of August 31, 2022. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Organization has not adopted formal investment policies; however, has taken a conservative approach to investments to minimize risk. The strategy and portfolio are reviewed by the board and management during the year. All funds selected are relatively liquid.

Strategies Employed for Achieving Objectives

To satisfy objectives, the Organization targets a conservative asset allocation that places a greater emphasis on investments with readily available markets to achieve its long-term objectives within prudent constraints. The Organization governing body reviews the portfolio and investments regularly during the year.

Spending Policy

The Organization has adopted a policy to allow this fund to grow and decided not to use the endowment income (interest, dividends, realized gains and losses and changes in unrealized appreciation). Appropriations for expenditure from this fund will be subject to board approval.

NOTE 5 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Net assets with donor restrictions are as follows for the year ended August 31, 2022:

	Beginning of Year	Additions	Releases	Ending Balance
Purpose Restricted:				
Community Media	\$ 380,614	\$ 454,400	\$ 415,090	\$ 419,924
Indigenous Rights Radio	75,000	33,425	20,918	87,507
Special Projects	9,608	76,275	-	85,883
Other	9,014	80,000	70,000	19,014
Advocacy	49,998	254,500	102,000	202,498
Panama Communications	-	95,500	30,000	65,500
Capacity Building	-	170,200	91,235	78,965
Keepers of the Earth	260,788	744,900	357,587	648,101
Indigenous Bazaar	129,500	4,000	100,500	33,000
Endangered Languages	63,000	-	63,000	-
Total	977,522	1,913,200	1,250,330	1,640,392
Time Restricted:				
Grants for Future Periods	511,500	720,000	511,500	720,000
Perpetual in Nature				
Endowment Fund	45,300	-	-	45,300
Investment Income	5,279	475	-	5,754
Total	50,579	475	-	51,054
Total Net Assets with Donor Restrictions	\$ 1,539,601	\$ 2,633,675	\$ 1,761,830	\$ 2,411,446

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 5 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES (CONTINUED)

Net assets with donor restrictions are as follows for the year ended August 31, 2021:

	Beginning of Year	Additions	Releases	Ending Balance
Purpose Restricted:				
Community Media	\$ 205,372	\$ 888,413	\$ 713,171	\$ 380,614
Indigenous Rights Radio	13,538	158,900	97,438	75,000
Special Projects	11,059	46,421	47,872	9,608
Other	-	9,014	-	9,014
Advocacy	12,178	182,000	144,180	49,998
Keepers of the Earth	-	560,500	299,712	260,788
Indigenous Bazaar	-	129,500	-	129,500
Endangered Languages	43,000	20,000	-	63,000
Total	<u>285,147</u>	<u>1,994,748</u>	<u>1,302,373</u>	<u>977,522</u>
Time Restricted:				
Grants for Future Periods	-	511,500	-	511,500
Perpetual in Nature				
Endowment Fund	35,300	10,000	-	45,300
Investment Income	4,293	986	-	5,279
Total	<u>39,593</u>	<u>10,986</u>	<u>-</u>	<u>50,579</u>
Total Net Assets with Donor Restrictions	<u>\$ 324,740</u>	<u>\$ 2,517,234</u>	<u>\$ 1,302,373</u>	<u>\$ 1,539,601</u>

NOTE 6 RETIREMENT ARRANGEMENT WITH STAFF EMPLOYEES

The Organization offers staff employees the opportunity for participation in a Simple IRA contributory retirement plan approved by the IRS. The Organization matches employees' contributions at 3% of their regular salary, up to the amount of their contribution. The expense to the Organization under this plan for the years ended August 31, 2022 and 2021 was \$24,722 and \$20,495, respectively.

NOTE 7 CONCENTRATION OF CREDIT RISK

Financial Instruments that potentially subject the Organization to significant concentrations of credit risk consists primarily of cash, cash equivalents and short-term investments.

The Organization maintains its cash and cash equivalents in banks and investment brokerage deposit and money market accounts which, at times, may exceed federally insured limits. As of August 31, 2022, the Organization had approximately \$3,376,874 in cash that exceed the Federal Deposit Insurance Corporation limit. The Organization has not experienced any losses in such accounts. The Organization's management believes it is not exposed to any significant credit risk on cash and cash equivalents.

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 CONCENTRATION OF CREDIT RISK (CONTINUED)

For the year ended August 31, 2022, 62%, or \$1,933,000, of grant income was obtained from two grantors, of which \$450,000 was in grants receivable at year-end. In addition, 50% of contributions, or \$489,350, was received from two contributors. For the year ended August 31, 2021, 56%, or \$1,717,000, of grant income was obtained from two grantors, and 47% of contributions, or \$500,000, was received from three contributors.

NOTE 8 OPERATING LEASES

On April 27, 2018, the Organization signed a noncancelable lease for its office in Cambridge with expiration date December 31, 2021. The rent was payable in monthly installments of \$3,255, which did not include costs for rental of parking lot. The lease was extended through December 31, 2023, at a rate of \$3,360 per month in calendar year 2022 and \$3,465 per month in calendar year 2023.

On February 1, 2015, the Organization signed a noncancelable lease for its storage space with expiration date April 30, 2023. The lease includes annual base rent plus Common Area Maintenance (CAM) escalator totaling \$1,099 a month.

The Organization currently leases some of its office equipment. Equipment lease expense under these leases was \$3,060 for the years ended August 31, 2022 and 2021.

Future minimum rental payments for all leases are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2023	\$ 52,760
2024	14,562
Total	<u>\$ 67,322</u>

For the years ended August 31, 2022 and 2021, total rent expense was \$60,965 and \$60,036, respectively.

NOTE 9 PAYCHECK PROTECTION PROGRAM

On May 5, 2020, the Organization received loan proceeds in the amount of \$132,650 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided for loans to qualifying entities for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest (1%) were forgivable after 8 or 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. On November 24, 2020, the Organization received forgiveness from the Small Business Administration (SBA) for this loan and any corresponding interest. The amount was recorded as an increase in net assets on the statement of activities.

CULTURAL SURVIVAL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 9 PAYCHECK PROTECTION PROGRAM (CONTINUED)

On February 4, 2021, the Organization received a second draw of PPP Funds which was also in the amount of \$132,650. The terms for this loan were the same as the original PPP draw. The Organization received forgiveness of the loan and interest on July 20, 2021. The amount was recorded as an increase in net assets on the statement of activities.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 10 GRANTS RECEIVABLE

The Organization has accounts receivable from grantors that are unconditional. Future payments of grants as of August 31, 2022 are as follows:

Due within One Year	\$ 625,000
Due after One Year	<u>100,000</u>
Total	<u><u>\$ 725,000</u></u>

The grants are expected to be fully collected and, therefore, there is no allowance on the accounts. Further, the present value discount of the receivables aged over one year is deemed immaterial by the Organization.