

*Auditor's
Sept 30, 2006*

**NATIVE AMERICAN INDIAN
ASSOCIATION OF TENNESSEE, INC.**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

**JOE OSTERFELD, CPA
CERTIFIED PUBLIC ACCOUNTANT
710 NORTH MAIN STREET ~ SUITE A
PO BOX 807
COLUMBIA, TN 38402-0807**

**NATIVE AMERICAN INDIAN
ASSOCIATION OF TENNESSEE, INC.**

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

SEPTEMBER 30, 2006

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JOE OSTERFELD, CPA
CERTIFIED PUBLIC ACCOUNTANT
710 NORTH MAIN STREET ~ SUITE A ~ PO Box 807
COLUMBIA, TN 38402-0807
TELEPHONE: 931-388-7144 ~ FAX: 931-388-7239

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Native American Indian Association of Tennessee, Inc.
Nashville, Tennessee

I have audited the accompanying statement of financial position of Native American Indian Association of Tennessee, Inc. (a nonprofit corporation) as of September 30, 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of the Organizations. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Native American Indian Association of Tennessee, Inc. as of September 30, 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Joe Osterfeld, CPA
Columbia, Tennessee
April 2, 2007

NATIVE AMERICAN INDIAN ASSOCIATION OF TENNESSEE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2006

Assets

Current Assets	
Cash	\$ 19,992
Cash - Pow Wow	15,105
Cash - Scholarship Fund	5,138
Total Current Assets	<u>40,235</u>
Property and Equipment	
Land	50,000
Building	40,421
Equipment	45,714
	<u>136,135</u>
Less: accumulated depreciation	<u>(50,037)</u>
Net Property and Equipment	86,098
Other Assets	
Cash - Building Fund	163,551
Total Other Assets	<u>163,551</u>
Total Assets	<u><u>\$ 289,884</u></u>

Liabilities and Net Assets

Total Liabilities	\$ -
Net Assets	
Unrestricted net assets	108,837
Temporarily restricted net assets	181,047
Total Net Assets	<u>289,884</u>
Total Liabilities and Net Assets	<u><u>\$ 289,884</u></u>

The accompanying notes are an integral part of these financial statements.

NATIVE AMERICAN INDIAN ASSOCIATION OF TENNESSEE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Donations	\$ 5,083	\$ 11,250	\$ 16,333
Pow Wow	43,889		43,889
Winterfest Springfest	-		-
Awards		29,378	29,378
Service fees	8,713		8,713
Membership dues	405		405
Interest income	3,869		3,869
Net assets released from restrictions:			
Satisfaction of program restrictions	24,687	(24,687)	-
Total Revenues	<u>86,646</u>	<u>15,941</u>	<u>102,587</u>
Expenses			
Program Services			-
Scholarship and Specific Assistance	4,290		4,290
Membership Services	11,660		11,660
Winterfest/Springfest & PowWow	68,951		68,951
Total Expenses	<u>84,901</u>	<u>-</u>	<u>84,901</u>
Increase in Net Assets	1,745	15,941	17,686
Net assets, beginning of year	107,092	165,106	272,198
Net assets, end of year	<u>\$ 108,837</u>	<u>\$ 181,047</u>	<u>\$ 289,884</u>

The accompanying notes are an integral part of these financial statements.

NATIVE AMERICAN INDIAN ASSOCIATION OF TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

		<u>Program Services</u>		
	Scholarship & Specific <u>Assistance</u>	Other Membership <u>Services</u>	Winterfest/ Springfest & <u>Pow Wow</u>	<u>Total</u>
Depreciation	\$ -	\$ 1,348	\$ -	\$ 1,348
Pow Wow expenses			67,201	67,201
Winterfest/Springfest expenses		-	1,750	1,750
Insurance		1,102		1,102
Other expenses		1,446		1,446
Professional services		885		885
Repairs & maintenance		644		644
Scholarships	1,400	-		1,400
Specific assistance to individuals	2,890	-		2,890
Supplies		1,862		1,862
Telephone		2,422		2,422
Travel		-		-
Utilities		1,951		1,951
Total Expenses	<u>\$ 4,290</u>	<u>\$ 11,660</u>	<u>\$ 68,951</u>	<u>\$ 84,901</u>

The accompanying notes are an integral part of these financial statements.

NATIVE AMERICAN INDIAN ASSOCIATION OF TENNESSEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (decrease) in net assets	\$ 17,686
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operations:	
Depreciation	1,348
(Increase) decrease in:	
Other assets	<u>(3,846)</u>
Total cash provided (used) by operations	<u>15,188</u>

INVESTING ACTIVITIES:

-

FINANCING ACTIVITIES:

-

Increase (decrease) in cash	15,188
Beginning cash balance	<u>25,047</u>
Ending cash balance	<u><u>\$ 40,235</u></u>

The accompanying notes are an integral part of these financial statements.

**NATIVE AMERICAN INDIAN
ASSOCIATION OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Native American Indian Association of Tennessee, Inc. (NAIA), a Tennessee not-for-profit corporation, was founded October 2, 1982 and is the only non-profit 501(c)(3) statewide Native American Indian organization with an all Indian Board of Directors. NAIA's mission is to provide social services, scholarships, and cultural revitalization for the more than 15,000 Native American in Tennessee. NAIA is governed by a Board of Directors elected by its members.

Basis of Accounting

The financial statements of Native American Indian Association of Tennessee have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, accounts payable, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, NAIA is required to report 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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are defined as all cash on hand and deposited in FDIC insured bank accounts with an original maturity of three months or less.

Accounts Receivable

Accounts receivable are stated at their net realizable value. At September 30, 2006, NAIA's accounts receivable balance was \$ 0 (zero).

Donations of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how those long-lived assets must be maintained, NAIA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. NAIA transfers temporarily restricted net assets to unrestricted net assets at that time.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NATIVE AMERICAN INDIAN
ASSOCIATION OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

Fair Values of Financial Instruments

Financial instruments of NAIA include cash. Management estimates that the fair value of all financial instruments at September 30, 2006 do not differ materially from the carrying values of the financial instruments recorded in the accompanying balance sheet.

Income Tax Status

Native American Indian Association of Tennessee is an organization, which is not considered a private foundation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes have been made.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful life of assets and is reflected as an expense in the Statement of Functional Expenses.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CREDIT RISK

Total cash held by the Native American Indian Association of Tennessee is deposited in one bank. Accounts are insured by the FDIC up to \$100,000. At September 30, 2006, NAIA had \$103,798 in excess of the FDIC limit. It is the opinion of management that the solvency of the financial institution is not of particular concern at this time.

NOTE 3 - FINANCIAL DEPENDENCE

NAIA is substantially funded by grants from the Tennessee Department of Tourism, Metro Parks and Recreation, Tennessee Arts Commission, and, revenues and donations from their Annual Pow Wow.

**NATIVE AMERICAN INDIAN
ASSOCIATION OF TENNESSEE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

NOTE 4 - LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consist of:

	<u>Useful Life</u>	
Land	NA	\$ 50,000
Buildings	30	40,421
Furniture and equipment	3-7	45,714
		<u>136,135</u>
Less: Accumulated depreciation		<u>(50,037)</u>
		<u>\$ 86,098</u>

Depreciation expense for the year ended September 30, 2006 was \$1,347.

NOTE 5 – CONDITIONAL PROMISE TO GIVE

On October 24, 2005, NAIA received a conditional promise to give of \$248,000 in the form of an award from the US Department of Housing and Urban Development (HUD). The award is conditional upon beginning actual construction of the Circle of Life American Indian Center and Museum and the building site receiving approval from HUD's environmental review department. The estimated cost of the museum is \$1,000,000.