

**United National Indian Tribal Youth, Inc.**

**Financial Statements and Independent Auditor's Report Thereon**

**June 30, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

To the Council of Trustees  
United National Indian Tribal Youth, Inc.

We have audited the accompanying statements of financial position of United National Indian Tribal Youth, Inc. (UNITY) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. Those financial statements are the responsibility of UNITY's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNITY as of June 30, 2011, and its changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Casey J. Russell CPA, Inc.*

February 29, 2012

**United National Indian Tribal Youth, Inc**  
**Statement of Financial Position**  
**June 30, 2011**

**Assets**

|                                       |                             |
|---------------------------------------|-----------------------------|
| Cash Available for Current Operations | 369,056.28                  |
| Investments                           | 30,826.78                   |
| Other Assets                          | 120,599.94                  |
| Office Equipment                      | 63,484.00                   |
| Accumulated Depreciation              | <u>(62,794.02)</u>          |
| <b>Total Assets</b>                   | <b><u>\$ 521,172.98</u></b> |

**Liabilities**

|                          |                  |
|--------------------------|------------------|
| Accounts Payable         | <u>27,084.98</u> |
| <b>Total Liabilities</b> | <b>27,084.98</b> |

**Net Assets**

|                                   |                          |
|-----------------------------------|--------------------------|
| Net Assets Unrestricted           | 284,138.00               |
| Net Assets Temporarily Restricted | <u>209,950.00</u>        |
| <b>Total Net Assets</b>           | <b><u>494,088.00</u></b> |

|                                         |                             |
|-----------------------------------------|-----------------------------|
| <b>Total Liabilities and Net Assets</b> | <b><u>\$ 521,172.98</u></b> |
|-----------------------------------------|-----------------------------|

**United National Indian Tribal Youth, Inc.**  
**Statement of Activities**  
**For the Year Ending June 30, 2011**

|                                        | Unrestricted         | Temporarily<br>Restricted | Totals               |
|----------------------------------------|----------------------|---------------------------|----------------------|
| <b>Revenues:</b>                       |                      |                           |                      |
| Contributions                          | 130,514.99           | 275,000.00                | 405,514.99           |
| Fees                                   | 132,963.40           | -                         | 132,963.40           |
| Interest                               | 1,129.68             | -                         | 1,129.68             |
| Unrealized Gains (Loss) on Investments | 268.00               | -                         | 268.00               |
| Other                                  | 175.00               | -                         | 175.00               |
| Released from Restrictions             | 682,502.88           | (682,502.88)              | -                    |
| Total Revenues                         | 947,553.95           | (407,502.88)              | 540,051.07           |
| <b>Expenses</b>                        |                      |                           |                      |
| Salaries and Fringe Benefits           | 438,262.99           | -                         | 438,262.99           |
| Travel and Lodging                     | 32,203.64            | -                         | 32,203.64            |
| Printing and Promotion                 | 11,802.34            | -                         | 11,802.34            |
| Office Expenses                        | 29,791.62            | -                         | 29,791.62            |
| Occupancy                              | 23,844.35            | -                         | 23,844.35            |
| Consulting Services                    | 52,429.23            | -                         | 52,429.23            |
| Youth Leadership Conferences           | 236,664.98           | -                         | 236,664.98           |
| Public Relations                       | 10,281.78            | -                         | 10,281.78            |
| Scholarships                           | 3,000.00             | -                         | 3,000.00             |
| Fund Raising Events                    | 16,625.00            | -                         | 16,625.00            |
| Total Expenses                         | 854,905.93           | -                         | 854,905.93           |
| <b>Change in Net Assets</b>            | 92,648.02            | (407,502.88)              | (314,854.86)         |
| Net Assets at Beginning of Year        | 191,489.98           | 617,452.88                | 808,942.86           |
| <b>Net Assets at End of Year</b>       | <u>\$ 284,138.00</u> | <u>\$ 209,950.00</u>      | <u>\$ 494,088.00</u> |

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

**United National Indian Tribal Youth, Inc.**  
**Statement of Cash Flows**  
**For the Year Ending June 30, 2011**

|                                                                                                        |                          |
|--------------------------------------------------------------------------------------------------------|--------------------------|
| <b>Cash Flow from Operating Activities</b>                                                             |                          |
| Change in Net Assets                                                                                   | (314,854.86)             |
| Adjustments to Reconcile Change in Net Asset to Net Cash<br>Provided by (Used In) Operating Activities |                          |
| Depreciation                                                                                           | 745.40                   |
| Change in Operating Assets and Liabilities                                                             |                          |
| Decrease (Increase) in Investments                                                                     | (30,826.78)              |
| Decrease (Increase) in Other Assets                                                                    | (6,351.35)               |
| (Decrease) Increase in Accounts Payable                                                                | <u>14,375.06</u>         |
| Net Cash Provided by (Used In) Operations                                                              | <u>(336,912.53)</u>      |
| <br>Net Increase (Decrease) in Cash & Cash Equivalents                                                 | <br>(336,912.53)         |
| <br>Cash at Beginning of Year                                                                          | <br><u>705,968.81</u>    |
| <br>Cash at End of Year                                                                                | <br><u>\$ 369,056.28</u> |

The accompanying notes are an integral part of these financial statements

## NOTES TO FINANCIAL STATEMENT

As of and for the year ending June 30, 2011

### Note 1 – Summary of Significant Accounting Policies

#### Organization

United National Indian Tribal Youth, Inc. (UNITY) is a national organization promoting personal development, citizenship, and leadership among Native American youth. Its educational mission is to foster the spiritual, mental, physical, and social development of American Indian and Alaska Native youth and to help build a strong, unified, and self-reliant Native America through greater youth development.

#### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets are classified into three categories: unrestricted net assets, which have no donor-imposed restrictions; temporarily restricted net assets, which have donor-imposed restrictions that will expire in the future; and permanently restricted assets, which will have donor-imposed restrictions which do not expire.

UNITY reports information regarding its financial position and changes in net assets according to two of the three classes of net assets based in the existence or absence of donor-imposed restrictions as follows:

Unrestricted – expendable amounts available for support of UNITY's operations.

Temporarily restricted – amounts which have been temporarily restricted by donors for specific purposes or time periods. At June 30, temporarily restricted net assets amounted to \$209,950.

Office equipment is stated at cost at the date of acquisition. Depreciation is computed on a straight-line method based upon an estimated useful life of five years for all office equipment.

#### Functional expenses

Expenses are allocated between program and supporting services based upon either actual usage or the estimated costs attributable to each function.

#### Cash

Cash consists of cash on hand and deposits in banks. UNITY maintains its cash balances in high credit quality financial institutions. At times, UNITY's cash may exceed federally insured limits, but UNITY believes any possible credit risk is minimal.

#### Estimates

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

### Subsequent Events

Management has evaluated subsequent events through February 29, 2012, the date the financial statements were available to be issued.

### Beneficial Interest in Assets Held By Others

UNITY is the beneficiary of an endowment with the Oklahoma City Community Foundation (the Foundation) and records this interest in accordance with SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. Funds are transferred from UNITY to the Foundation on a continuing basis with variance power granted to Foundation in the following three circumstances: a) UNITY ceases to exist; b) UNITY ceases to qualify under its current exempt status with the IRS; and c) UNITY's mission becomes impractical to fulfill. The current distribution policy of the Foundation is 5% of the market value of the fund at June 30 of each year, averaged over 8 quarters, distributed each October.

According to the Foundation endowment report dated June 30, 2011, the aggregate value of the beneficial interest was \$20,268.

### **Note 2 – Income Taxes**

No provision for income taxes has been made in the accompanying financial statements because UNITY is tax exempt from federal taxes on income related to its exempt purpose under the provisions of Internal Revenue Service Code Section 501(c)(3).

As long as UNITY complies with applicable regulations, it is not subject to income taxes. However, events or interpretations of such regulations could result in contingent income tax obligations. UNITY has elected to defer the adoption of certain accounting guidance that was issued to clarify the accounting for contingent income tax obligations as permitted by the standards. UNITY will continue to follow its current accounting for contingencies until adoption of the new guidance for the year ended June 30, 2011.

### **Note 3 – Beneficial Interest in Charitable Remainder Trusts**

On May 10, 2000, Melvin F. Pervais (Settlor) created three charitable remainder trusts and gifted a 10% interest to UNITY in each. Two trusts have terms of twenty years and one has a term for the life of the Settlor, who receives the income of the trusts during their terms according to formulas contained in the trust document. At the termination of the trusts, the value paid to UNITY could be substantial and may be used for general purposes.