

CULTURAL SURVIVAL, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

JOHN M. MONTICONE

Certified Public Accountant

5 High Street, Suite 207

Medford, Massachusetts 02155

Info@MonticoneCpa.com

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AUGUST 31, 2015 AND 2014

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5 High Street, Suite 207
Medford, Massachusetts 02155

Email: info@monticonecpa.com

Telephone: (781) 395-0024

Fax: (781) 391-6097

Independent Auditor's Report

To the Board of Directors
Cultural Survival Inc.
Cambridge, Massachusetts

I have audited the accompanying financial statements of the Cultural Survival, Inc. (a non-profit organization) which comprise the statement of financial position as of August 31, 2015 and 2014, and the related statement of Revenues, Expenses and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion of these financial statements based on my audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cultural Survival, Inc. as of August 31, 2015 and 2014, 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.

A handwritten signature in black ink, appearing to read "John M. Moshier". The signature is written in a cursive style with a long horizontal stroke at the end.

Medford, Massachusetts
January 20, 2016

CULTURAL SURVIVAL, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Endowment Fund	Unrestricted	Temporarily Restricted	Endowment Fund
ASSETS						
CURRENT ASSETS:						
Cash and Cash Equivalents	\$ 154,851	\$ 55,193	\$ -	\$ 71,887	\$ -	\$ -
Investments	-	2,597	11,001	13,348	104,894	-
Other Assets	4,120			4,120		
Total Assets	\$ 158,971	\$ 57,790	\$ 11,001	\$ 89,355	\$ 104,894	\$ 194,249
PROPERTY AND EQUIPMENT:						
Equipment and Furniture	23,752			23,752		
Software	19,720			19,720		
	43,472			43,472		
Less: Accumulated Depreciation	43,472			43,472		
	-			-		
Total	\$ 158,971	\$ 57,790	\$ 11,001	\$ 89,355	\$ 104,894	\$ 194,249
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 20,753	\$ -	\$ -	\$ 29,870	\$ -	\$ -
Total Current Liabilities	20,753	-	-	29,870	-	-
NET ASSETS						
Unrestricted Funds	138,218	-	-	59,485	-	-
Temporarily Restricted	-	57,790	-	-	104,894	-
Endowment Fund	-	-	11,001	-	-	-
Total Net Assets	\$ 138,218	\$ 57,790	\$ 11,001	\$ 59,485	\$ 104,894	\$ 164,379
Total Liabilities and Net	\$ 158,971	\$ 57,790	\$ 11,001	\$ 89,355	\$ 104,894	\$ 194,249

The accompanying notes are an integral part of these financial statements

CULTURAL SURVIVAL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

	2015			2014				
	Unrestricted	Temporarily Restricted	Endowment Fund	Total	Unrestricted	Temporarily Restricted	Endowment Fund	Total
REVENUES								
Contributions and Subscriptions	\$ 795,415	\$ 99,604	\$ -	\$ 895,019	\$ 660,032	\$ 32,094	\$ -	\$ 692,126
Grant Revenue	88,300	126,458	-	214,758	85,749	187,793	-	273,542
Indigenous Crafts Bazaar Income	393,289	-	-	393,289	401,955	-	-	401,955
Investment Income	7,198	-	-	7,198	1,096	-	-	1,096
Realized and Unrealized Gain (Loss) on Investments	(1,345)	-	-	4,162	174	-	-	174
Sales of Publications	6,268	-	-	6,268	7,557	-	-	7,557
Other Income	-	-	-	-	2,562	-	-	2,562
Total Support and Other Income	1,289,125	226,062	-	1,515,187	1,159,125	219,887	-	1,379,012
Net Assets Released from Restrictions	262,165	(262,165)	-	-	200,132	(200,132)	-	-
Total Revenues	1,551,290	(36,103)	-	1,515,187	1,359,257	19,755	-	1,379,012
EXPENSES								
Programs and Publications	1,180,158	-	-	1,180,158	1,145,010	-	-	1,145,010
Fundraising	146,464	-	-	146,464	137,418	-	-	137,418
General Administrative	145,935	-	-	145,935	93,668	-	-	93,668
Total Operating Expenses	1,472,557	-	-	1,472,557	1,376,097	-	-	1,376,097
INCREASE IN NET ASSETS BEFORE TRANSFERS	78,733	(36,103)	-	42,630	(16,840)	19,755	-	2,915
TRANSFERS								
		(11,001)	11,001					
NET ASSETS, BEGINNING OF YEAR	59,485	104,894	-	164,379	76,325	85,139	-	161,464
NET ASSETS, END OF YEAR	\$ 138,218	\$ 57,790	\$ 11,001	\$ 207,009	\$ 59,485	\$ 104,894	\$ -	\$ 164,379

The accompanying notes are an integral part of these financial statements

**CULTURAL SURVIVAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2015**

	<u>Programs and Publications</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Direct Support, including Grants	\$ 84,246	\$ 602	\$ -	\$ 84,848
Indigenous Crafts Bazaar	376,080	-	-	376,080
Payroll	317,614	74,992	48,524	441,130
Payroll Taxes and Benefits	92,633	21,872	14,152	128,657
Consultants	131,065	-	56,814	187,879
Postages and Shipping	8,870	1,684	3,401	13,955
Printing and Copying	16,364	5,636	791	22,791
Bank and Credit Card Fees	6,790	1,603	1,037	9,431
Dues and Subscriptions	1,777	1,777	-	1,777
Office Expenses	14,746	3,482	2,253	20,480
Professional Fees	2,880	680	440	4,000
Equipment Lease Expense	4,681	1,105	715	6,502
Repairs and Maintenance	6,879	1,624	1,051	9,554
Telephone	12,679	2,994	1,937	17,610
Marketing Expenses	4,103	-	-	4,103
Travel, Meals and Entertainment	59,601	13,678	7,940	81,219
Utilities and Internet	2,226	525	340	3,091
Insurance	7,206	1,701	1,100	10,008
Rent expense	35,598	8,405	5,439	49,442
	<u>\$ 1,180,158</u>	<u>\$ 146,464</u>	<u>\$ 145,935</u>	<u>\$ 1,472,557</u>
Percentage of Total Expenses	<u>80.14%</u>	<u>9.95%</u>	<u>9.91%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements

**CULTURAL SURVIVAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2014**

	<u>Programs and</u>	<u>Publications</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Direct Support, including Grants	\$	42,448	\$ 144	-	\$ 42,592
Indigenous Crafts Bazaar		353,276	-	-	353,276
Payroll		321,368	75,879	49,098	446,345
Payroll Taxes and Benefits		99,775	23,558	15,243	138,577
Consultants		111,104	325	7,953	119,382
Postages and Shipping		7,963		3,773	11,736
Printing and Copying		24,685	7,093	717	32,495
Bank and Credit Card Fees		8,942	2,111	1,366	12,419
Dues and Subscriptions			1,500		1,500
Office Expenses		13,401	3,164	2,047	18,613
Professional Fees		2,880	680	440	4,000
Equipment Lease Expense		5,116	1,208	782	7,106
Repairs and Maintenance		4,641	1,096	709	6,446
Telephone		9,457	2,233	1,445	13,135
Marketing Expenses			2,212		2,212
Travel, Meals and Entertainment		95,718	5,771	3,337	104,826
Utilities and Internet		2,195	518	335	3,049
Insurance		7,224	1,706	1,103	10,034
Rent expense		34,330	8,106	5,245	47,680
Moving costs		485	115	74	674
	\$	<u>1,145,010</u>	<u>\$ 137,418</u>	<u>\$ 93,668</u>	<u>\$ 1,376,097</u>
Percentage of Total Expenses		<u>83.21%</u>	<u>9.99%</u>	<u>6.81%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements

**CULTURAL SURVIVAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Decrease in Net Assets	\$ 42,630	\$ 2,915
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Unrealized (Gain) Loss on Investments	1,345	(891)
(Gain) Loss on sale of investment	(5,507)	717
Increase (Decrease) in:		
Accrued Expenses	(9,117)	4,332
Net Cash Used In Operating Activities:	29,351	7,073
INVESTING ACTIVITIES		
Proceeds from Sale of Investments	234,850	45,023
Purchases of Investments	(126,044)	(146,608)
Net Cash Provided by Investing Activities	108,806	(101,585)
DECREASE IN NET ASSETS	138,157	(94,512)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	71,887	168,463
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 210,044	\$ 71,887

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

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Note 1 - Organization and Nature of Activities

Cultural Survival, Inc., (the "Organization") is a non-profit 501(c) (3) non-governmental 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Basis of Presentation

Net assets are classified as permanently restricted, temporarily restricted and unrestricted when appropriate to properly disclose the nature and amount of significant resources that have been restricted in accordance with specified objectives of donors and grantors. The Organization has temporarily restricted net assets from its projects activities and unrestricted net assets that are available to be used and designated by the Board of Directors for general purposes.

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

Investments

Short-term investments in marketable securities with readily determinable fair values are carried at their fair value in the statement of financial position based on quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statement of actives.

Accounts Receivable

Accounts receivables are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Accounts are considered collectible. Interest is not charged on overdue accounts. The organization does not reflect multi-years pledges in accounts receivable beyond the current year. The balance of the outstanding five year pledges amounted to £500,000, equivalent to \$769,950 at the exchange rate as of August 31, 2015.

Functional Allocation of Expenses

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

Income Tax Exempt Status

The Organization is a not-for-profit corporation as described in Section 501 (c) (3) of the United States Internal Revenue Code and is determined to be an Organization which is not a private foundation and, accordingly, does not provide for state and federal income taxes. The Internal Revenue Service classifies the organization as a public charity.

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Recognition of 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.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Major additions are capitalized, while repairs and maintenance are charged to expense as incurred. Depreciation expense for the years ending August 31, 2015 and 2014 was \$-0-.

The estimated useful lives for purposes of computing depreciation are as follows:

<u>Assets</u>	<u>Life in Years</u>
Furniture and equipment	5 years
Software	3 years

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 vary from the estimates that were used.

See Auditors' Report.

**CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

Contributed Goods and Services

The Organization records various types of in-kind support including professional services, volunteer labor, and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived 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. Contributions of tangible assets are recognized at fair market value when received. Additionally, the Organization received a significant amount of skilled, contributed time, which does not meet the two (2) recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Note 3 - Investments

Investments consisted of the following at August 31, 2015:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Marketable Securities	<u>\$ 13,598</u>	<u>\$10,337</u>	<u>\$ 3,261</u>

Investments consisted of the following at August 31, 2014:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Marketable Securities	<u>\$ 110,851</u>	<u>\$ 106,245</u>	<u>\$ 4,606</u>

Investment return is summarized as follows:

	<u>2015</u>	<u>2014</u>
Dividend and interest income	\$ 1,691	\$ 614
Realized gains on investments	5,507	16,182
Net unrealized gain (loss)	<u>(1,345)</u>	<u>(15,526)</u>
Total unrestricted investment income	<u>\$5,853</u>	<u>\$ 1,270</u>

Marketable Securities are subject to market fluctuations.

See Auditor's Report

**CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

Note 4 - Donated Services, Goods, and Facilities

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization with administering its indigenous advocacy programs. During the years ended August 31, 2015 and 2014 there were approximately 6,500 and 7,500 total volunteer hours, which the Organization valued at \$97,500 and \$112,500, respectively. 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.

Note 5 - Endowment and Temporarily Restricted Funds

The Organization's endowment and Temporarily Restricted Funds includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with the Endowment Fund and Temporarily Restricted Funds are classified and reported on the existence or absence of donor-imposed restrictions.

As of August 31, 2015 and 2014, the Organization had the following endowment and Temporarily Restricted Funds:

	2015	2014
Temporarily Restricted Fund	\$57,790	\$104,894
Endowment Fund	<u>11,001</u>	
Total	<u>\$68,791</u>	<u>\$104,894</u>

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified as permanently restricted net assets (a) the original value gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Note 15 - Assets Measured at Fair Value on a Recurring Basis (continued)

Level 2: Level 2 inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for the assets or liabilities in which little or no market activity is available for the asset or liability at the measurement date.

For purposes of financial reporting, the Organization has determined that the fair values of its financial instruments, which include cash and cash equivalents, publicly traded domestic mutual funds, approximate the carrying values under Level 1 at August 31, 2015 and 2014, based on their short maturities and/or the terms available to the Organization in financial markets.

Note 13 – Subsequent Events

The Organization evaluated subsequent events through January 20, 2016, which is the date the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.

Note 14 - Uncertain Tax Positions

Management has evaluated the tax positions taken on returns for open years and those expected to be taken on returns for the year ended August 31, 2015. 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, 2012 are open to examination.

Note 15 - Prior Period Adjustment

During the year ended August 31, 2015, management discovered that \$11,001 of net assets which had been previously reported as Temporarily Restricted Net Assets, were in fact Permanently Restricted Net Assets as Endowment Fund. Accordingly, an adjustment was made in 2015 to reclassify \$11,001 from beginning of the year temporarily restricted net assets to beginning permanently restricted net assets.