

**SOUTHWESTERN ASSOCIATION  
FOR INDIAN ARTS, INC.  
(A Non Profit Corporation)**

**FINANCIAL STATEMENTS**

For the Year Ended December 31, 2012  
(With Summarized Comparative Information for the Year  
Ended December 31, 2011)

With Independent Auditor's Report Thereon

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2012  
(With Summarized Comparative Information for the Year Ended December 31, 2011)

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Southwestern Association for Indian Arts, Inc.  
Santa Fe, New Mexico

We have audited the accompanying financial statements of Southwestern Association for Indian Arts, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from 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 Association'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 Association's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Association for Indian Arts, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the December 31, 2011 financial statements, and our report dated July 18, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Swain & Grieco, LLC*  
October 20, 2013

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2012 and 2011

| <u><b>ASSETS</b></u>                                |                   |                   |
|---|-------------------|-------------------|
|   | <u>2012</u>       | <u>2011</u>       |
| <b>Current assets</b>                               |                   |                   |
| Cash and cash equivalents, <i>notes 1 and 2</i>     | \$ 210,554        | \$ 89,726         |
| Accounts receivable, <i>note 1</i>                  | 15                | 1,430             |
| Grants receivable                                   | -                 | 32,343            |
| <b>Total current assets</b>                         | <u>210,569</u>    | <u>123,499</u>    |
| <b>Property and equipment, <i>notes 1 and 4</i></b> |                   |                   |
| Furniture, fixtures and equipment                   | 48,687            | 135,063           |
| Accumulated depreciation                            | <u>(44,402)</u>   | <u>(124,715)</u>  |
| <b>Total property and equipment</b>                 | <u>4,285</u>      | <u>10,348</u>     |
| <b>Long-term investments, <i>note 3</i></b>         |                   |                   |
| Time deposits                                       | 26,289            | 26,197            |
| Equity securities                                   | 158,675           | 141,118           |
| Marketable debt securities                          | <u>66,787</u>     | <u>63,069</u>     |
| <b>Total long-term investments</b>                  | <u>251,751</u>    | <u>230,384</u>    |
| <b>Other assets</b>                                 |                   |                   |
| Prepaid expenses and deposits                       | <u>14,009</u>     | <u>16,689</u>     |
| <b>Total assets</b>                                 | <u>\$ 480,614</u> | <u>\$ 380,920</u> |

**LIABILITIES AND NET ASSETS**

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Current liabilities</b>                   |                   |                   |
| Accounts payable                             | \$ 41,551         | \$ 30,799         |
| Accrued expenses                             | <u>18,918</u>     | <u>8,940</u>      |
| <b>Total current liabilities</b>             | <u>60,469</u>     | <u>39,739</u>     |
| <b>Net assets, <i>note 1</i></b>             |                   |                   |
| Unrestricted                                 | 227,733           | 167,356           |
| Temporarily restricted, <i>notes 1 and 8</i> | 18,587            | -                 |
| Permanently restricted, <i>notes 1 and 9</i> | <u>173,825</u>    | <u>173,825</u>    |
| <b>Total net assets</b>                      | <u>420,145</u>    | <u>341,181</u>    |
| <b>Total liabilities and net assets</b>      | <u>\$ 480,614</u> | <u>\$ 380,920</u> |

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2012  
With Comparative Totals for the Year Ended December 31, 2011

|   | 2012              |                           |                           | 2011              |                   |
|---|-------------------|---------------------------|---------------------------|-------------------|-------------------|
|   | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total             | Total             |
| <b>Revenues, public support and reclassifications</b>       |                   |                           |                           |                   |                   |
| Artist fee income   | \$ 489,332        | \$ -                      | \$ -                      | \$ 489,332        | \$ 439,998        |
| Marketing & licensing income                                | 96,772            | -                         | -                         | 96,772            | 78,067            |
| Merchandise sales income                                    | 48,988            | -                         | -                         | 48,988            | 50,452            |
| Membership and contributions, <i>note 1</i>                 | 338,100           | 118,480                   | -                         | 456,580           | 408,713           |
| Grants and endowments                                       | 2,000             | 14,393                    | -                         | 16,393            | 47,433            |
| Special events, <i>note 10</i>                              | 446,900           | -                         | -                         | 446,900           | 359,550           |
| In-kind contributions, <i>notes 1 and 6</i>                 | 76,883            | -                         | -                         | 76,883            | 5,924             |
| Investment income   | 4,037             | -                         | -                         | 4,037             | 5,265             |
| Unrealized gain on investments                              | 17,371            | -                         | -                         | 17,371            | (2,412)           |
| Other income  | 1,000             | -                         | -                         | 1,000             | 1,500             |
| Gain/(Loss) on sale of fixed asset                          | (528)             | -                         | -                         | (528)             | -                 |
| Net assets released from restrictions, <i>note 1</i>        | 114,286           | (114,286)                 | -                         | -                 | -                 |
| <b>Total revenues, public support and reclassifications</b> | <b>1,635,141</b>  | <b>18,587</b>             | <b>-</b>                  | <b>1,653,728</b>  | <b>1,394,490</b>  |
| <b>Expenses</b>   |                   |                           |                           |                   |                   |
| <b>Program services</b>                                     |                   |                           |                           |                   |                   |
| Indian market   | 796,626           | -                         | -                         | 796,626           | 1,017,470         |
| Awards and fellowships                                      | 121,221           | -                         | -                         | 121,221           | 146,083           |
| In-kind expenses, <i>notes 1 and 6</i>                      | 76,883            | -                         | -                         | 76,883            | 5,924             |
| <b>Total program services</b>                               | <b>994,730</b>    | <b>-</b>                  | <b>-</b>                  | <b>994,730</b>    | <b>1,169,477</b>  |
| <b>Support services</b>                                     |                   |                           |                           |                   |                   |
| Management and general                                      | 302,457           | -                         | -                         | 302,457           | 293,509           |
| Fundraising - funds development                             | 277,577           | -                         | -                         | 277,577           | 105,337           |
| <b>Total support services</b>                               | <b>580,034</b>    | <b>-</b>                  | <b>-</b>                  | <b>580,034</b>    | <b>398,846</b>    |
| <b>Total expenses</b>                                       | <b>1,574,764</b>  | <b>-</b>                  | <b>-</b>                  | <b>1,574,764</b>  | <b>1,568,323</b>  |
| <b>Change in net assets</b>                                 | <b>60,377</b>     | <b>18,587</b>             | <b>-</b>                  | <b>78,964</b>     | <b>(173,833)</b>  |
| Net Asset adj. to recognize prior year deposit              | -                 | -                         | -                         | -                 | 4,000             |
| <b>Net assets, beginning of year</b>                        | <b>167,356</b>    | <b>-</b>                  | <b>173,825</b>            | <b>341,181</b>    | <b>511,014</b>    |
| <b>Net assets, end of year</b>                              | <b>\$ 227,733</b> | <b>\$ 18,587</b>          | <b>\$ 173,825</b>         | <b>\$ 420,145</b> | <b>\$ 341,181</b> |

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2012 and 2011

|   | 2012              | 2011             |
|---|-------------------|------------------|
| <b>Cash flows from operating activities:</b>  |                   |                  |
| Change in net assets  | \$ 78,964         | \$ (173,833)     |
| <i>Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:</i> |                   |                  |
| Depreciation  | 14,659            | 7,285            |
| Adjustment to net assets  | -                 | 4,000            |
| (Increase) decrease in assets:  |                   |                  |
| Accounts receivable   | 1,415             | 483              |
| Grants receivable   | 32,343            | (32,343)         |
| Investments   | (21,367)          | (2,834)          |
| Prepaid expenses and deposits   | 2,680             | 10,266           |
| Increase (decrease) in liabilities:   |                   |                  |
| Accounts payable  | 10,752            | 29,272           |
| Accrued expenses  | 9,978             | (27,224)         |
| <b>Net cash (used) provided by operating activities</b>   | <b>129,424</b>    | <b>(184,928)</b> |
| <br><b>Cash flows from investing activities:</b>  |                   |                  |
| Purchase of property and equipment  | (9,124)           | -                |
| Loss on disposal of property and equipment  | 528               | -                |
| <b>Net cash used by investing activities</b>  | <b>(8,596)</b>    | <b>-</b>         |
| <br><b>Net increase (decrease) in cash</b>  | <b>120,828</b>    | <b>(184,928)</b> |
| <br><b>Cash, beginning of year</b>  | <b>89,726</b>     | <b>274,654</b>   |
| <br><b>Cash, end of year</b>  | <b>\$ 210,554</b> | <b>\$ 89,726</b> |
| <br><b>Supplemental Data:</b>   | <b>2012</b>       | <b>2011</b>      |
| <b>Noncash investing and financing activities</b>   |                   |                  |
| In-kind expenses  | 76,883            | 5,924            |
| Total:  | <b>\$ 76,883</b>  | <b>\$ 5,924</b>  |

The Accompanying Notes Are an Integral  
Part of These Financial Statements

# SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.

Notes to the Financial Statements

December 31, 2012 and 2011

## (1) Summary of Significant Accounting Principles

### Organization and Nature of Activities

The Southwestern Association for Indian Arts, Inc. (SWAIA) is a not-for-profit organization incorporated in June 1971 under the laws of the State of New Mexico. SWAIA's mission is to develop, sponsor and promote the Santa Fe Indian Market and other educational programs and events that encourage cultural preservation, intercultural understanding and economic opportunities for American Indians through excellence in the arts.

### Basis of Financial Statement Presentation

In June 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (ASC or the Codification) as the source of authoritative accounting principles recognized by the FASB to be used by nongovernmental entities when preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009 and was adopted by SWAIA during the year ended December 31, 2009. The Codification essentially reduces the GAAP hierarchy to two levels: authoritative and non-authoritative, with the Codification being authoritative GAAP. The adoption of the Codification did not have a significant impact on the financial statements as of and for the year ended December 31, 2012.

### Basis of Accounting

The financial statements of SWAIA have been prepared on the accrual basis of accounting, and accordingly, reflect all accounts receivable and accounts payable as of December 31, 2012, and 2011. Accordingly, net assets and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - represent those assets that SWAIA may use at its discretion. Unrestricted net assets are not subject to donor-imposed restrictions.

**Temporarily Restricted Net Assets** - represent net assets subject to donor-imposed stipulations that can be fulfilled by actions of SWAIA pursuant to those stipulations or that expire by the passage of time.

**Permanently Restricted Net Assets** - result from donor-imposed stipulations that neither expire by the passage of time or can be fulfilled or otherwise removed by actions of SWAIA.

### Use of Estimates

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 and related disclosures. Actual results could differ from those estimates.

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**

Notes to the Financial Statements

December 31, 2012 and 2011

**(1) Summary of Significant Accounting Principles, continued**

**Description of Programs**

Following are the major programs of SWAIA:

**Indian Market** - includes the annual organization and administration of the southwest's largest arts market to display and judge artwork representing 1,200 artists from 43 states and Canada. Winter Indian Market is a relatively new expansion of this program. See footnote 10 for greater program detail.

**Awards and Fellowships** - consists of the judging process and presentation of awards and fellowships to participating Indian Market artists based on predefined standards and criteria of their work.

**Outreach Programs** - consists of providing support to and recognition of Native American artists of all ages.

**Income Taxes**

SWAIA is a non-profit corporation that has been determined to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and files an annual informational return (Form 990) with the Internal Revenue Service.

**Uncertain Tax Positions**

Although exempt from federal income tax, SWAIA is subject to tax on income from any unrelated business activities. SWAIA does not conduct activities subject to tax for unrelated business income. On January 1, 2010, SWAIA adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required.

SWAIA's federal Return of Organization Exempt From Income Tax (Form 990) is subject to potential examination for a three year period following the date of filing. This would include returns for the years ending December 31, 2010 through December 31, 2012.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, SWAIA considers all cash accounts with maturity of three months or less to be cash equivalents. In the normal course of operations SWAIA may maintain cash held at financial institutions in excess of the FDIC limit of \$250,000.

**Investments**

SWAIA carries its investments in marketable securities with readily determinable fair market values and all investments in debt securities at their fair market values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investments are composed of equity and marketable debt securities and are carried at fair market value.

# SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.

Notes to the Financial Statements

December 31, 2012 and 2011

## (1) Summary of Significant Accounting Principles, continued

### Property and Equipment

Property and equipment are capitalized at cost or, if donated, at the approximate fair market value at the date of donation. It is SWAIA's policy to capitalize expenditures for those items in excess of \$1,500. Amounts below \$1,500 are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

### Promises to Give

Contributions are recognized when the donor makes a promise to give to SWAIA that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets only if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a donor restriction expires, generally when a stipulated time restriction ends or its purpose has been accomplished, temporarily restricted net assets are then reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

SWAIA uses the direct write-off method to determine uncollectible unconditional promises to give.

### In-Kind Contributions and Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by SWAIA, are recorded at their fair market values in the period received in accordance with FASB ASC 958-605-30-2, (Formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*).

### Functional Allocation of Expenses

SWAIA is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporary restricted net assets, and permanently restricted net assets. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

### Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**

Notes to the Financial Statements

December 31, 2012 and 2011

**(1) Summary of Significant Accounting Principles, continued**

**Comparative Financial Information**

The financial statements and related footnotes include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with SWAIA's financials statements for the year ended December 31, 2011, from which the summarized information was derived.

**(2) Cash and Cash Equivalents**

Cash and cash equivalents consist of the following at December 31, 2012 and 2011:

|                   | 2012       | 2011      |
|-------------------|------------|-----------|
| Checking Deposits | \$ 210,519 | \$ 89,723 |
| Petty Cash        | 35         | 3         |
|                   | \$ 210,554 | \$ 89,726 |

**(3) Investments**

Investments are stated at fair value and are summarized for the years ended December 31, 2012 and 2011, respectively, as follows:

|                            | 2012       |            |                | 2011           |
|----------------------------|------------|------------|----------------|----------------|
|                            | Cost       | Fair Value | Carrying Value | Carrying Value |
| Time Deposits              | \$ 25,000  | \$ 26,289  | \$ 26,289      | \$ 26,197      |
| Equity Securities          | 140,851    | 158,675    | 158,675        | 141,118        |
| Marketable Debt Securities | 63,692     | 66,787     | 66,787         | 63,069         |
| Total                      | \$ 229,543 | \$ 251,751 | \$ 251,751     | \$ 230,384     |

In accordance with FASB ASC 820 related to the fair value, measurement, and disclosure of financial assets, SWAIA's investments are classified as level 1 assets, unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted investments.

Financial accounting standards define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy which prioritizes valuation techniques. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**

Notes to the Financial Statements

December 31, 2012 and 2011

**(3) Investments, continued**

The fair value hierarchy prioritizes valuation techniques used to measure fair value into three broad levels:

- Level 1 assets use quoted prices in active markets for identical assets that SWAIA has the ability to access. SWAIA owns equities, mutual funds, and bonds that are considered level 1 assets.
- Level 2 assets use inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly. SWAIA does not have any assets or liabilities classified as level 2 assets.
- Level 3 assets have no observable values for the assets and rely on management's own assumptions that market participants would use in pricing the asset. SWAIA does not have any assets or liabilities classified as level 3.

During 2012 and 2011, SWAIA did not have any assets measured on a non-recurring basis.

**(4) Property and Equipment**

Property and Equipment consists of the following as of December 31, 2012 and 2011:

|                               |    | 2012     |    | 2011      |
|-------------------------------|----|----------|----|-----------|
| Property and equipment        | \$ | 48,687   | \$ | 135,063   |
| Less accumulated depreciation |    | (44,402) |    | (124,715) |
| Total                         | \$ | 4,285    | \$ | 10,348    |

**(5) Operating Leases**

SWAIA has various equipment, office and storage leases. SWAIA currently has two Minolta digital copiers under the same lease with a 60 month term that will expire September 30, 2016, with monthly payments of \$1,729. A postage meter is leased on a quarterly basis with monthly payments of \$154.06.

The most recent office lease expired June 30, 2012; monthly lease payments were \$6,900 through the end of the lease period. A new five year lease for office space at 215 Washington Avenue runs from June 1, 2012 to May 31, 2017; monthly lease payments began at \$5,251 for the twelve months ending May 31,

Storage rental is paid on a month-to-month basis at a current rate of \$498 per month. Future minimum lease payments for the leases recognized above are as follows:

|            |    | Equipment |    | Facilities |
|------------|----|-----------|----|------------|
| 2013       | \$ | 27,343    | \$ | 64,118     |
| 2014       |    | 27,343    |    | 66,042     |
| 2015       |    | 27,343    |    | 68,021     |
| 2016       |    | 22,155    |    | 70,060     |
| 2017       |    | 6,592     |    | 29,550     |
| Thereafter |    | 6,592     |    | -          |
| Total      | \$ | 117,368   | \$ | 297,791    |

Equipment and facilities lease expense during the year are \$27,343 and \$80,508 respectively for 2012, and \$17,875 and \$86,100, respectively for 2011.

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**

Notes to the Financial Statements

December 31, 2012 and 2011

**(6) In-Kind Contributions and Services**

In-kind services consist of volunteer support for the office and the Indian Market. During 2012, seven hundred volunteers contributed approximately 12,000 hours to the Indian Market at a value of \$118,200. For 2011, volunteers contributed approximately 14,000 hours to the Indian Market at a value of \$147,140. Volunteers are valued at rates of \$10.51 per hour, consistent with the city minimum wage. Pursuant to the requirements of FASB ASC 958-605-30-2, these amounts have not been recorded in the SWAIA's financial statements.

In-kind contributions of advertising, food, and meeting space fees totaled \$76,883 for the year ending December 31, 2012, and were booked accordingly. In-kind contributions for fiscal year 2011 totaled \$5,924.

Additional in-kind contributions of art and jewelry for the purpose of auction fundraising totaled \$279,835 for the year ending December 31, 2012, and were booked accordingly. Similar in-kind contributions for fiscal year 2011 totaled \$201,562. Auction donations are valued at their final sales price. No corresponding in-kind expense is recorded due to cash received upon sale.

**(7) Retirement Plan**

SWAIA participates in a 403(b) retirement plan for eligible employees, generally after six months of employment. Contributions to the plan are based on a percentage of employee salaries, determined by specific provisions of the plan. As of December 31, 2012 and 2011, contributions to the plan of \$6,503 and \$6,992 respectively, have been recognized in the accompanying financial statements.

**(8) Temporarily Restricted Net Assets**

As of December 31, 2012, and 2011, temporarily restricted net assets consisted of the following:

|                                   | <u>2012</u>   | <u>2011</u> |
|-----------------------------------|---------------|-------------|
| Purpose restriction accomplished: |               |             |
| Grants - equipment and hardware   | <u>18,587</u> | <u>-</u>    |

**(9) Permanently Restricted Net Assets**

SWAIA maintains several permanently restricted endowment funds in its permanently restricted net assets. These funds as of December 31, 2012 and 2011 are as follows:

|  | <u>2012</u>       | <u>2011</u>       |
|--|-------------------|-------------------|
| Messengers of Healing Winds Foundation Endowment | \$ 10,000         | \$ 10,000         |
| William Randolph Hearst Foundation Fellowship    | 100,000           | 100,000           |
| Helen Naha Memorial Award Funds                  | 11,825            | 11,825            |
| Peter Dechert Indian Arts Award Fund             | 2,000             | 2,000             |
| John Moore's Endowment                           | 50,000            | 50,000            |
| Total:   | <u>\$ 173,825</u> | <u>\$ 173,825</u> |

**SOUTHWESTERN ASSOCIATION FOR INDIAN ARTS, INC.**

Notes to the Financial Statements

December 31, 2012 and 2011

**(10) Special Events**

SWAIA's primary program and annual special event is Indian Market, scheduled each August on the Santa Fe Plaza, and attended by an estimated 150,000 people. Winter Indian Market is scheduled each year in November, and attended by an estimated 5,000 people. Special event fundraising during both Indian Market and Winter Indian Market includes the Friday Preview, Best of Show, the Saturday Gala, and the Winter Indian Market Silent Auctions.

Special event income, as of December 31, 2012 and 2011, is as follows:

|                               | <u>2012</u>       | <u>2011</u>       |
|-------------------------------|-------------------|-------------------|
| Summer and winter gala income | <u>\$ 446,900</u> | <u>\$ 359,550</u> |

**(11) Concentrations**

SWAIA has cash depository accounts with one financial institution that sometimes exceeds the FDIC insurance coverage limit of \$250,000. SWAIA has not experienced any losses to date, and management believes the organization is not exposed to significant liquidity risk from this concentration.

**(12) Subsequent Events**

SWAIA recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Management has evaluated subsequent events through October 20, 2013, the date on which the financial statements were available to be issued.