

Partnership With Native Americans

Independent Auditor's Report and Financial Statements

December 31, 2015 and 2014



Partnership With Native Americans

December 31, 2015 and 2014

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Independent Auditor's Report

Board of Directors
Partnership With Native Americans
Addison, Texas

We have audited the accompanying financial statements of Partnership With Native Americans (PWNA), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows 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 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 audits. We conducted our audits 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 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, 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 PWNA as of December 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Change in Net Assets listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Dallas, Texas
May 13, 2016

Partnership With Native Americans
Statements of Financial Position
December 31, 2015 and 2014

Assets

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and cash equivalents	\$ 3,564,341	\$ 5,884,683
Bequests receivable	30,000	29,127
Accounts receivable	681,321	-
Inventories	7,902,173	4,857,207
Short-term investments	3,686,767	2,697,856
Asset held for sale	750,000	-
Prepaid expenses and other assets	<u>257,353</u>	<u>344,916</u>
Total current assets	16,871,955	13,813,789
Property and equipment, net	<u>6,311,562</u>	<u>7,177,959</u>
Total assets	<u>\$ 23,183,517</u>	<u>\$ 20,991,748</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 921,505	\$ 461,648
Accrued liabilities	372,586	285,215
Current portion of long-term debt	<u>-</u>	<u>113,887</u>
Total current liabilities	1,294,091	860,750
Annuities payable	20,545	18,425
Long-term debt	<u>-</u>	<u>705,860</u>
Total liabilities	<u>1,314,636</u>	<u>1,585,035</u>
Net Assets		
Unrestricted	21,684,445	19,024,875
Temporarily restricted	118,571	316,723
Permanently restricted	<u>65,865</u>	<u>65,115</u>
Total net assets	<u>21,868,881</u>	<u>19,406,713</u>
Total liabilities and net assets	<u>\$ 23,183,517</u>	<u>\$ 20,991,748</u>

Partnership With Native Americans
Statements of Activities
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Changes in Unrestricted Net Assets		
Unrestricted revenues, gains and other support		
Direct contributions	\$ 21,677,561	\$ 22,805,096
In-kind donations	23,093,702	18,715,366
Other income	881,257	473,134
Gain on sale of asset	69,353	-
Net assets released from restrictions	<u>298,298</u>	<u>334,012</u>
Total revenue and support	<u>46,020,171</u>	<u>42,327,608</u>
Expenses and Losses		
Program services		
Plains Indian Services	16,469,390	16,226,582
Southwest Indian Services	12,586,798	13,128,179
American Indian Education Foundation	1,438,399	1,143,539
Other programs	<u>388,130</u>	<u>155,974</u>
Total program services	<u>30,882,717</u>	<u>30,654,274</u>
Supporting services		
Management and general	1,820,539	1,405,258
Fundraising	<u>10,657,345</u>	<u>9,779,685</u>
Total supporting services	<u>12,477,884</u>	<u>11,184,943</u>
Total expenses	<u>43,360,601</u>	<u>41,839,217</u>
Increase in unrestricted net assets	<u>2,659,570</u>	<u>488,391</u>
Changes in Temporarily Restricted Net Assets		
Direct contributions	100,146	24,425
Net assets released from restrictions	<u>(298,298)</u>	<u>(334,012)</u>
Decrease in temporarily restricted net assets	<u>(198,152)</u>	<u>(309,587)</u>
Permanently Restricted Net Assets		
Direct contributions	<u>750</u>	<u>115</u>
Increase in permanently restricted net assets	<u>750</u>	<u>115</u>
Change in Net Assets	2,462,168	178,919
Net Assets, Beginning of Year	<u>19,406,713</u>	<u>19,227,794</u>
Net Assets, End of Year	<u>\$ 21,868,881</u>	<u>\$ 19,406,713</u>

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2015

	2015								
	Program Services				Supporting Services				
	Plains Indian Services	Southwest Indian Services	American Indian Education Foundation	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Cost of goods distributed	\$ 11,837,489	\$ 8,756,378	\$ -	\$ -	\$ 20,593,867	\$ -	\$ -	\$ -	\$ 20,593,867
Grants	-	5,500	455,619	-	461,119	500	-	500	461,619
Advertising and list rentals	4,480	11,113	5,355	9,231	30,179	-	1,093,715	1,093,715	1,123,894
Mailing and shipping	3,229,339	2,551,139	443,867	68	6,224,413	13,819	1,303,987	1,317,806	7,542,219
Meetings and travel	17,564	26,403	107,129	4,837	155,933	126,415	105,831	232,246	388,179
Office supplies	208,496	45,099	16,475	1,255	271,325	43,688	104,301	147,989	419,314
Payroll and benefits	811,889	735,895	274,303	89,299	1,911,386	925,001	2,923,783	3,848,784	5,760,170
Printing	207	1,941	728	2,090	4,966	5,984	3,080,640	3,086,624	3,091,590
Professional fees	15,283	21,453	37,112	272,525	346,373	361,820	607,784	969,604	1,315,977
Rent and utilities	48,876	42,492	69	23	91,460	84,990	412,571	497,561	589,021
Computers and technology	28,681	67,779	16,342	617	113,419	105,041	488,768	593,809	707,228
Repairs and maintenance	70,205	84,448	1,862	154	156,669	9,853	20,628	30,481	187,150
Credit card processing and fees	4	-	-	-	4	3,373	178,590	181,963	181,967
Miscellaneous	10,337	23,974	69,792	1,144	105,247	11,123	57,774	68,897	174,144
Depreciation	104,712	101,246	4,368	4,344	214,670	11,201	174,668	185,869	400,539
Corporate insurance	68,838	68,838	4,433	-	142,109	12,252	51,019	63,271	205,380
Dues and fees	12,990	14,254	945	2,543	30,732	12,083	53,286	65,369	96,101
Interest	-	28,846	-	-	28,846	-	-	-	28,846
Impairment loss	-	-	-	-	-	93,396	-	93,396	93,396
Total	\$ 16,469,390	\$ 12,586,798	\$ 1,438,399	\$ 388,130	\$ 30,882,717	\$ 1,820,539	\$ 10,657,345	\$ 12,477,884	\$ 43,360,601

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2014

	2014								
	Program Services				Supporting Services				
	Plains Indian Services	Southwest Indian Services	American Indian Education Foundation	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Cost of goods distributed	\$ 11,946,268	\$ 9,792,230	\$ -	\$ -	\$ 21,738,498	\$ -	\$ -	\$ -	\$ 21,738,498
Grants	-	5,000	363,394	-	368,394	440	-	440	368,834
Advertising and list rentals	835	890	1,392	263	3,380	108	665,825	665,933	669,313
Mailing and shipping	2,874,735	2,085,596	346,288	195	5,306,814	10,507	992,420	1,002,927	6,309,741
Meetings and travel	18,688	20,883	84,015	3,204	126,790	75,218	53,370	128,588	255,378
Office supplies	155,215	32,132	21,092	1,124	209,563	21,356	68,497	89,853	299,416
Payroll and benefits	901,232	726,780	268,161	85,890	1,982,063	843,535	3,149,120	3,992,655	5,974,718
Printing	927	3,036	2,346	600	6,909	560	2,493,239	2,493,799	2,500,708
Professional fees	13,421	19,921	36,384	56,902	126,628	301,262	667,809	969,071	1,095,699
Rent and utilities	51,554	39,845	-	-	91,399	5,970	644,229	650,199	741,598
Computers and technology	20,284	59,691	1,133	873	81,981	87,134	508,923	596,057	678,038
Repairs and maintenance	51,910	89,958	350	-	142,218	1,265	22,465	23,730	165,948
Credit card processing and fees	-	-	-	-	-	4,118	189,138	193,256	193,256
Miscellaneous	19,068	32,795	9,180	314	61,357	35,864	39,569	75,433	136,790
Depreciation	97,352	90,644	4,054	3,778	195,828	6,203	191,439	197,642	393,470
Corporate insurance	63,903	65,704	5,540	59	135,206	7,746	50,007	57,753	192,959
Dues and fees	11,190	10,076	210	2,772	24,248	3,972	43,635	47,607	71,855
Interest	-	52,998	-	-	52,998	-	-	-	52,998
Total	\$ 16,226,582	\$ 13,128,179	\$ 1,143,539	\$ 155,974	\$ 30,654,274	\$ 1,405,258	\$ 9,779,685	\$ 11,184,943	\$ 41,839,217

Partnership With Native Americans
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Change in net assets	\$ 2,462,168	\$ 178,919
Items not requiring (providing) operating cash		
Depreciation	400,539	393,470
Gain on sale of property and equipment	(69,353)	-
Net realized and unrealized loss on investments	36,939	24,870
Contributions restricted for long-term investment	(750)	(115)
Impairment loss	93,396	-
Changes in		
Accounts/bequests receivable	(682,194)	39,373
Accounts payable and accrued expenses	547,228	33,179
Annuities payable	2,120	(9,876)
Inventories	(3,044,966)	2,550,306
Other current assets and liabilities	<u>87,563</u>	<u>(69,568)</u>
Net cash provided by (used in) operating activities	<u>(167,310)</u>	<u>3,140,558</u>
Investing Activities		
Net proceeds from sale of investments	2,739	-
Proceeds from sale of property and equipment	148,295	-
Purchases of property and equipment	(456,480)	(339,154)
Purchases of investments	<u>(1,028,589)</u>	<u>(2,500,000)</u>
Net cash used in investing activities	<u>(1,334,035)</u>	<u>(2,839,154)</u>
Financing Activities		
Proceeds from contributions restricted for long-term investment	750	115
Principal payments on long-term debt	<u>(819,747)</u>	<u>(182,300)</u>
Net cash used in financing activities	<u>(818,997)</u>	<u>(182,185)</u>
Increase (decrease) in Cash and Cash Equivalents	(2,320,342)	119,219
Cash and Cash Equivalents, Beginning of Year	<u>5,884,683</u>	<u>5,765,464</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,564,341</u>	<u>\$ 5,884,683</u>
Supplemental Cash Flows Information		
Interest paid	\$ 28,846	\$ 52,998

Partnership With Native Americans

Notes to Financial Statements

December 31, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Partnership With Native Americans (PWNA) is a 501(c) 3 nonprofit committed to championing hope for a brighter future for Native Americans living on remote, geographically isolated and impoverished reservations. Collaborating with 1,000+ reservation partners, PWNA provides immediate relief and supports long-term solutions for strong, self-sufficient Native American communities.

PWNA believes that Native American peoples have the power within themselves to build strong communities. The tribal community members PWNA partners with know the challenges that exist and are finding solutions to them. PWNA is a consistent, reliable resource to lift up their efforts—to provide hope and support for their success today and tomorrow. Using a dual approach, PWNA responds to immediate needs in tribal communities by providing food, water and other critical materials, and supports community-led projects that sustainably address the core symptoms of poverty and contribute to self-sufficiency.

PWNA cares about quality of life for Native Americans and respects their self-determined goals for their tribes. Working year-round through their reservation partnerships; distribution network; and passionate staff, Board members and volunteers, PWNA benefits 250,000 Native Americans each year.

First incorporated as National Relief Charities in North Carolina in 1990, PWNA's mission and principal activities are:

- a) to focus public attention upon the challenges, needs, concerns and conditions of Native Americans;
- b) to provide goods, equipment, services and funds to relieve the challenges and meet the needs of Native Americans living on impoverished reservations, to make gifts and grants for such purposes to other charitable and educational organizations, and to assist governmental and administrative bodies in alleviating the problems and conditions of Native Americans; and
- c) to focus public attention upon the needs of animals living on reservations in the Plains and Southwest and provide goods, equipment, services and funds to support the alleviation of their suffering.

PWNA, formerly National Relief Charities, officially changed its name with the Internal Revenue Service and incorporated in the State of Texas, on January 28, 2015.

Cash and Cash Equivalents

PWNA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2015 and 2014, cash equivalents consisted primarily of money market accounts with brokers.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2015 and 2014

PWNA maintains its cash and cash equivalents with what it considers to be quality financial institutions. At December 31, 2015, PWNA's cash accounts exceeded federally insured limits by approximately \$2,400,000, which may constitute a credit risk.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Foreign Currency Transactions

Assets and liabilities of operations that transact in a local currency environment, where that local currency is the functional currency, are translated to U.S. dollars at exchange rates in effect at the statement of financial position date, with the resulting translation adjustments included in Other Income. Income and expense accounts are translated at average exchange rates during the year. Re-measurement adjustments are also recorded in Other Income.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	39 years
Building - improvements and leasehold improvements	3 – 39 years
Furniture and equipment	3 – 7 years
Vehicles	5 years

Long-lived Asset Impairment

PWNA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2015 and 2014

An impairment loss of \$93,396 was recognized on the Sherman property during 2015 based on the agreed upon purchase price, net of expenses, on a contract. The loss is included in management and general expense in the accompanying statements of activities and as a separate line item in the accompanying statement of functional expenses—2015. The Sherman property is recorded as asset held for sale in the accompanying statements of financial position (See *Note 4*). No assets were impaired in 2014.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by PWNA has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by PWNA in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as unrestricted.

In-kind Contributions

In addition to receiving cash contributions, PWNA receives in-kind contributions of clothing, medical supplies, toiletries, food, educational products and other items from various donors. It is the policy of PWNA to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2015 and 2014, \$23,093,702 and \$18,715,366, respectively, was received in in-kind contributions. Approximately 64% of all in-kind contributions were received from three donors in 2015.

Inventory

Inventories consist of donated and purchased supplies and are usually acquired through major retailer and not-for-profit organizations donations.

- **Donated Supplies Other Than Food** – Donated supplies are recorded at their fair value based upon the estimated price paid by the donor. PWNA values items by identifying the gross profit margin of the retailer and researching the average retailer price for the item via retailer websites. Once the average price is determined, it is reduced by a percentage equal to the gross profit margin of the retailer. This values the donated item at the approximate price paid by the retailer.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2015 and 2014

- **Donated Food** – PWNA values food items at the average wholesale price per pound of food as determined by a price study commissioned by Feeding America, the largest food charity in the U.S. This rate applies to all food regardless of type or packaging. For the years ended December 31, 2015 and 2014, the average wholesale price per pound of food was \$1.72 and \$1.66, respectively.

Shipping and Handling Costs

Shipping and handling costs of \$7,542,219 and \$6,309,741, for 2015 and 2014, respectively, are included in program expenses.

Income Taxes

PWNA is exempt from income taxes under Section 501 of *the Internal Revenue Code* and a similar provision of state law. However, PWNA is subject to federal income tax on any unrelated business taxable income. There was no unrelated taxable income in 2015 and 2014.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on direct salaries and other methods.

Fundraising Expenses

All costs attributable to the production, printing and mailing of literature to the public that have both educational and fundraising appeal, have been allocated between fundraising and program expenses in the financial statements as they meet the requirements for the allocation of joint costs as provided by Accounting Standards Codification (ASC) Topic 958-720-50, *Accounting for Costs of Activities that Include Fundraising*.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on the change in net assets.

Partnership With Native Americans
Notes to Financial Statements
December 31, 2015 and 2014

Note 2: Investments and Investment Return

Investments at December 31, consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 234,992	\$ 207,463
Domestic mutual funds	646,429	520,987
Domestic equities	176,220	-
International mutual funds	337,656	441,410
Fixed income bonds	789,132	-
Fixed income mutual funds	1,055,765	976,958
Alternative investment mutual funds	380,963	485,675
Certificates of deposit	65,610	65,363
	<u>\$ 3,686,767</u>	<u>\$ 2,697,856</u>

Total investment return, recorded in other income, is comprised of the following:

	<u>2015</u>	<u>2014</u>
Net realized and unrealized gain (loss) on investments reported at fair value	\$ (36,939)	\$ (24,870)
Interest and dividends, net of management fee	14,317	4,309
	<u>\$ (22,622)</u>	<u>\$ (20,561)</u>

Note 3: Property and Equipment

Property and equipment at December 31, consists of:

	<u>2015</u>	<u>2014</u>
Land	\$ 814,938	\$ 1,186,255
Buildings	6,267,593	6,926,169
Building and leasehold improvements	664,087	691,097
Vehicles	1,423,039	1,160,891
Furniture and equipment	1,792,337	1,715,282
	10,961,994	11,679,694
Less accumulated depreciation and amortization	4,650,432	4,501,735
	<u>\$ 6,311,562</u>	<u>\$ 7,177,959</u>

Partnership With Native Americans
Notes to Financial Statements
December 31, 2015 and 2014

Note 4: Assets Held for Sale

In 2015, PWNA began actively pursuing the sale of its former headquarters in Sherman, Texas. At December 31, 2015, the property is no longer in use and is listed in assets held for sale.

Note 5: Long-term Debt

	2014
Note payable, JPMorgan Chase Bank, NA (A)	\$ 819,747
Less current maturities	113,887
	\$ 705,860

(A) Original maturity date of August 10, 2026; \$13,120 payable monthly including interest at 5.8%; secured by Arizona real estate. As of December 31, 2015, PWNA has paid off the debt.

Note 6: Annuities Payable

PWNA has been the recipient of multiple gift annuities which require future payments to the donor. The assets received from the donor are recorded at fair value. PWNA has recorded a liability at December 31, 2015 and 2014, of \$20,545 and \$18,425, which represents the present value of the future annuity obligations. The liability has been determined using discount rates of 1.20% to 2.20%.

In 2014, PWNA executed a gift annuity agreement issued to a Maryland resident. *The Code of Maryland Regulations* No. 31.09.07.03E requires organizations to maintain assets equal to the outstanding annuity agreements. Temporarily restricted net assets included \$20,545 and \$18,425 at December 31, 2015 and 2014, respectively, to this agreement.

Note 7: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, are available for the following purposes or periods:

	2015	2014
Scholarships	\$ -	\$ 298,298
Other	118,571	18,425
	\$ 118,571	\$ 316,723

Partnership With Native Americans
Notes to Financial Statements
December 31, 2015 and 2014

Permanently Restricted Net Assets

Permanently restricted net assets at December 31, are restricted to:

	<u>2015</u>	<u>2014</u>
Investment in perpetuity, the income of which is expendable to support PWNA operations	\$ 65,865	\$ 65,115

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2015</u>	<u>2014</u>
Scholarships and education	\$ 298,298	\$ 294,000
Other	-	40,012
	<u>\$ 298,298</u>	<u>\$ 334,012</u>

Note 8: Operating Leases

Noncancellable operating leases for office space expire in various years through 2020. These leases require PWNA to pay all executory costs (maintenance and insurance).

Future minimum lease payments under operating leases are:

2016	\$ 236,461
2017	199,286
2018	155,601
2019	160,489
2020	<u>80,652</u>
Total minimum lease payments	<u>\$ 832,489</u>

Rent expense for 2015 and 2014, was approximately \$231,000 and \$183,000, respectively.

Note 9: Pension and Other Postretirement Benefit Plans

PWNA has a 401(k) plan covering substantially all U.S. based employees. PWNA contributions to the plan are 3% of annual compensation of all eligible employees. Contributions to the plan were \$92,042 and \$100,912, for 2015 and 2014, respectively.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2015 and 2014

Note 10: Allocation of Joint Costs

PWNA conducted activities that included requests for contributions, as well as program components. Those activities included direct mail, planned giving and telemarketing campaigns. The costs of conducting those activities included a total of \$9,365,499 and \$7,636,223, in 2015 and 2014, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2015</u>	<u>2014</u>
Fundraising	\$ 4,496,551	\$ 3,578,179
Plains Indian Services	2,589,539	2,245,610
Southwest Indian Services	1,846,610	1,472,517
American Indian Education Foundation	<u>432,799</u>	<u>339,917</u>
	<u>\$ 9,365,499</u>	<u>\$ 7,636,223</u>

Note 11: Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Partnership With Native Americans

Notes to Financial Statements

December 31, 2015 and 2014

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
Cash and cash equivalents	\$ 234,992	\$ 234,992	\$ -	\$ -
Domestic mutual funds	646,429	646,429	-	-
Domestic equities	176,220	176,220	-	-
International mutual funds	337,656	337,656	-	-
Fixed income bonds	789,132	-	789,132	-
Fixed income mutual funds	1,055,765	1,055,765	-	-
Alternative investment mutual funds	380,963	380,963	-	-

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2014				
Cash and cash equivalents	\$ 207,463	\$ 207,463	\$ -	\$ -
Domestic mutual funds	520,987	520,987	-	-
International mutual funds	441,410	441,410	-	-
Fixed income mutual funds	976,958	976,958	-	-
Alternative investment mutual funds	485,675	485,675	-	-

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2015 and 2014

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. PWNA did not have any investments that are classified as Level 3.

Note 12: Foreign Exchange Risk

PWNA engages in activities that extend beyond the borders of the United States and are susceptible to adverse changes in the currency markets. As of December 31, 2015, PWNA had approximately 5,800,000 Philippines Pesos worth approximately \$123,000. Annual gains or losses from foreign currency translations have been minimal.

Note 13: Subsequent Event

On April 25, 2016, PWNA sold the Sherman property listed as an asset held for sale in *Notes 1 and 4*. Subsequent events have been evaluated through May 13, 2016, which is the date the financial statements were available to be issued.

Supplementary Information

Partnership With Native Americans
Schedules of Change in Net Assets
Year Ended December 31, 2015

	Other Unrestricted	In-kind Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support						
Direct contributions	\$ 21,677,561	\$ -	\$ 21,677,561	\$ 100,146	\$ 750	\$ 21,778,457
In-kind donations	-	23,093,702	23,093,702	-	-	23,093,702
Other income	476,118	405,139	881,257	-	-	881,257
Gain on sale of asset	69,353	-	69,353	-	-	69,353
Net assets released from restrictions	298,298	-	298,298	(298,298)	-	-
	<u>22,521,330</u>	<u>23,498,841</u>	<u>46,020,171</u>	<u>(198,152)</u>	<u>750</u>	<u>45,822,769</u>
Expenses						
Program services						
Plains Indian Services	4,872,410	11,596,980	16,469,390	-	-	16,469,390
Southwest Indian Services	4,144,544	8,442,254	12,586,798	-	-	12,586,798
American Indian Education Foundation	1,438,399	-	1,438,399	-	-	1,438,399
Other programs	388,130	-	388,130	-	-	388,130
	<u>10,843,483</u>	<u>20,039,234</u>	<u>30,882,717</u>	<u>-</u>	<u>-</u>	<u>30,882,717</u>
Supporting services						
Management and general	1,820,539	-	1,820,539	-	-	1,820,539
Fundraising	10,257,894	399,451	10,657,345	-	-	10,657,345
	<u>12,078,433</u>	<u>399,451</u>	<u>12,477,884</u>	<u>-</u>	<u>-</u>	<u>12,477,884</u>
	<u>22,921,916</u>	<u>20,438,685</u>	<u>43,360,601</u>	<u>-</u>	<u>-</u>	<u>43,360,601</u>
Change in Net Assets	<u>\$ (400,586)</u>	<u>\$ 3,060,156</u>	<u>\$ 2,659,570</u>	<u>\$ (198,152)</u>	<u>\$ 750</u>	<u>\$ 2,462,168</u>

Partnership With Native Americans
Schedules of Change in Net Assets
Year Ended December 31, 2014

	Other Unrestricted	In-kind Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support						
Direct contributions	\$ 22,805,096	\$ -	\$ 22,805,096	\$ 24,425	\$ 115	\$ 22,829,636
In-kind donations	-	18,715,366	18,715,366	-	-	18,715,366
Other income	194,113	279,021	473,134	-	-	473,134
Net assets released from restrictions	334,012	-	334,012	(334,012)	-	-
Total revenues and support	<u>23,333,221</u>	<u>18,994,387</u>	<u>42,327,608</u>	<u>(309,587)</u>	<u>115</u>	<u>42,018,136</u>
Expenses						
Program services						
Plains Indian Services	4,493,164	11,733,418	16,226,582	-	-	16,226,582
Southwest Indian Services	3,505,759	9,622,420	13,128,179	-	-	13,128,179
American Indian Education Foundation	1,143,539	-	1,143,539	-	-	1,143,539
Other programs	155,974	-	155,974	-	-	155,974
Total program services	<u>9,298,436</u>	<u>21,355,838</u>	<u>30,654,274</u>	<u>-</u>	<u>-</u>	<u>30,654,274</u>
Supporting services						
Management and general	1,405,258	-	1,405,258	-	-	1,405,258
Fundraising	9,500,917	278,768	9,779,685	-	-	9,779,685
Total supporting services	<u>10,906,175</u>	<u>278,768</u>	<u>11,184,943</u>	<u>-</u>	<u>-</u>	<u>11,184,943</u>
Total expenses	<u>20,204,611</u>	<u>21,634,606</u>	<u>41,839,217</u>	<u>-</u>	<u>-</u>	<u>41,839,217</u>
Change in Net Assets	<u>\$ 3,128,610</u>	<u>\$ (2,640,219)</u>	<u>\$ 488,391</u>	<u>\$ (309,587)</u>	<u>\$ 115</u>	<u>\$ 178,919</u>