

Partnership With Native Americans

Independent Auditor's Report and Financial Statements

December 31, 2017 and 2016



Partnership With Native Americans

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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
August 6, 2018

Partnership With Native Americans
Statements of Financial Position
December 31, 2017 and 2016

Assets

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 1,518,819	\$ 1,400,512
Bequests receivable	111,150	131,299
Accounts receivable	781,111	619,390
Inventories	12,709,594	8,046,493
Short-term investments	853,275	3,537,325
Asset held for sale	850,000	-
Prepaid expenses and other assets	<u>366,785</u>	<u>310,191</u>
Total current assets	17,190,734	14,045,210
Property and equipment, net	<u>5,808,746</u>	<u>6,195,371</u>
Total assets	<u>\$ 22,999,480</u>	<u>\$ 20,240,581</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 918,100	\$ 540,587
Accrued liabilities	<u>254,282</u>	<u>347,345</u>
Total current liabilities	1,172,382	887,932
Annuities payable	<u>12,085</u>	<u>16,660</u>
Total liabilities	<u>1,184,467</u>	<u>904,592</u>
Net Assets		
Unrestricted	20,796,924	19,056,561
Temporarily restricted	951,764	213,103
Permanently restricted	<u>66,325</u>	<u>66,325</u>
Total net assets	<u>21,815,013</u>	<u>19,335,989</u>
Total liabilities and net assets	<u>\$ 22,999,480</u>	<u>\$ 20,240,581</u>

Partnership With Native Americans
Statements of Activities
Years Ended December 31, 2017 and 2016

	2017	2016
Changes in Unrestricted Net Assets		
Unrestricted revenues, gains and other support		
Direct contributions	\$ 17,399,111	\$ 21,746,809
In-kind donations	22,760,916	22,074,599
Other income	218,282	717,555
Gain on sale of asset	8,678	26,000
Net assets released from restrictions	201,018	75,215
Total revenue and support	40,588,005	44,640,178
Expenses and Losses		
Program services		
Plains Indian Services	12,014,429	15,262,663
Southwest Indian Services	13,556,523	16,444,792
American Indian Education Foundation	1,985,473	1,909,249
Other programs	354,705	375,939
Total program services	27,911,130	33,992,643
Supporting services		
Management and general	1,863,051	2,045,774
Fundraising	9,073,461	11,229,645
Total supporting services	10,936,512	13,275,419
Total expenses	38,847,642	47,268,062
Increase (decrease) in unrestricted net assets	1,740,363	(2,627,884)
Changes in Temporarily Restricted Net Assets		
Direct contributions	939,679	169,747
Net assets released from restrictions	(201,018)	(75,215)
Increase (decrease) in temporarily restricted net assets	738,661	94,532
Permanently Restricted Net Assets		
Direct contributions	-	460
Increase in permanently restricted net assets	-	460
Change in Net Assets	2,479,024	(2,532,892)
Net Assets, Beginning of Year	19,335,989	21,868,881
Net Assets, End of Year	\$ 21,815,013	\$ 19,335,989

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services				Supporting Services				Total
	Plains Indian Services	Southwest Indian Services	American Indian Education Foundation	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Cost of goods distributed	\$8,234,035	\$9,745,864	\$266,700	\$ -	\$ 18,246,599	\$75,974	\$ -	\$ 75,974	\$ 18,322,573
Grants	26,350	27,625	452,283	-	506,258	-	-	-	506,258
Advertising and list rentals	640	1,365	1,950	119,816	123,771	261	1,037,945	1,038,206	1,161,977
Mailing and shipping	2,613,675	2,362,389	447,771	411	5,424,246	3,582	815,627	819,209	6,243,455
Meetings and travel	18,684	31,742	148,402	3,016	201,844	69,120	92,627	161,747	363,591
Office supplies	66,121	65,740	1,812	1,571	135,244	5,121	30,475	35,596	170,840
Payroll and benefits	699,995	815,500	416,482	124,547	2,056,524	1,247,307	2,282,734	3,530,041	5,586,565
Printing	1,188	2,706	2,000	940	6,834	1,400	2,631,271	2,632,671	2,639,505
Professional fees	27,013	30,306	85,538	85,146	228,003	195,713	751,114	946,827	1,174,830
Rent and utilities	54,405	102,924	21,380	5,538	184,247	124,452	484,662	609,114	793,361
Computers and technology	22,235	20,243	4,138	940	47,556	14,726	79,850	94,576	142,132
Repairs and maintenance	59,084	125,567	4,608	582	189,841	1,244	7,446	8,690	198,531
Credit card processing and fees	537	-	-	-	537	2,352	37,638	39,990	40,527
Miscellaneous	17,153	24,459	65,898	564	108,074	20,266	369,209	389,475	497,549
Depreciation	106,993	134,682	41,851	2,261	285,787	19,987	98,624	118,611	404,398
Corporate insurance	57,583	53,815	20,619	2,545	134,562	28,550	76,242	104,792	239,354
Dues and fees	8,738	11,596	4,041	6,807	31,182	16,863	277,519	294,382	325,564
Interest	-	-	-	21	21	132	478	610	631
Impairment loss	-	-	-	-	-	36,001	-	36,001	36,001
Total	\$ 12,014,429	\$ 13,556,523	\$ 1,985,473	\$ 354,705	\$ 27,911,130	\$ 1,863,051	\$ 9,073,461	\$ 10,936,512	\$ 38,847,642

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services				Supporting Services				Total
	Plains Indian Services	Southwest Indian Services	American Indian Education Foundation	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Cost of goods distributed	\$ 10,518,064	\$ 12,083,957	\$ -	\$ -	\$ 22,602,021	\$ -	\$ -	\$ -	\$ 22,602,021
Grants	10,000	10,000	577,955	-	597,955	-	-	-	597,955
Advertising and list rentals	1,358	1,061	5,165	17,028	24,612	-	1,288,118	1,288,118	1,312,730
Mailing and shipping	3,422,178	3,029,718	578,981	390	7,031,267	44,361	868,159	912,520	7,943,787
Meetings and travel	37,346	48,811	170,199	5,939	262,295	134,725	151,072	285,797	548,092
Office supplies	156,963	64,008	118,527	395	339,893	27,590	73,185	100,775	440,668
Payroll and benefits	712,803	781,682	308,392	93,296	1,896,173	1,238,210	2,720,654	3,958,864	5,855,037
Printing	1,703	2,060	4,235	-	7,998	556	3,948,500	3,949,056	3,957,054
Professional fees	12,116	29,170	50,955	241,839	334,080	384,161	1,024,805	1,408,966	1,743,046
Rent and utilities	97,994	90,113	19,261	5,976	213,344	136,114	608,497	744,611	957,955
Computers and technology	34,214	30,969	14,236	1,658	81,077	18,368	41,332	59,700	140,777
Repairs and maintenance	61,374	63,536	786	-	125,696	3,738	9,377	13,115	138,811
Credit card processing and fees	-	-	-	-	-	15,199	189,882	205,081	205,081
Miscellaneous	16,328	20,162	20,167	54	56,711	11,496	37,667	49,163	105,874
Depreciation	97,813	102,044	35,770	2,687	238,314	11,592	158,090	169,682	407,996
Corporate insurance	73,282	72,869	4,177	-	150,328	9,809	59,709	69,518	219,846
Dues and fees	9,127	14,632	443	6,677	30,879	9,855	50,598	60,453	91,332
Total	\$ 15,262,663	\$ 16,444,792	\$ 1,909,249	\$ 375,939	\$ 33,992,643	\$ 2,045,774	\$ 11,229,645	\$ 13,275,419	\$ 47,268,062

Partnership With Native Americans
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Activities		
Change in net assets	\$ 2,479,024	\$ (2,532,892)
Items not requiring (providing) operating cash		
Depreciation	404,398	407,996
Gain on sale of property and equipment	(8,678)	(26,000)
Net realized and unrealized (gain)/loss on investments	9,443	(70,223)
Contributions restricted for long-term investment	-	(460)
Impairment loss	36,001	-
Changes in		
Accounts/bequests receivable	(141,572)	(39,368)
Accounts payable and accrued expenses	284,450	(406,159)
Annuities payable	(4,575)	(3,885)
Inventories	(4,663,101)	(144,320)
Other current assets and liabilities	(56,594)	(52,838)
	<u>(1,661,204)</u>	<u>(2,868,149)</u>
Investing Activities		
Proceeds from sale of investments	3,991,219	3,401,480
Proceeds from sale of property and equipment	8,678	776,000
Purchases of property and equipment	(903,774)	(291,805)
Purchases of investments	(1,316,612)	(3,181,815)
	<u>1,779,511</u>	<u>703,860</u>
Financing Activities		
Proceeds from contributions restricted for long-term investment	-	460
	<u>-</u>	<u>460</u>
Increase (Decrease) in Cash and Cash Equivalents	118,307	(2,163,829)
Cash and Cash Equivalents, Beginning of Year	<u>1,400,512</u>	<u>3,564,341</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,518,819</u>	<u>\$ 1,400,512</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2017 and 2016

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 who 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, 2017 and 2016, cash equivalents consisted primarily of money market accounts with brokers.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2017 and 2016

PWNA maintains its cash and cash equivalents with what it considers to be quality financial institutions. At December 31, 2017, PWNA's cash accounts exceeded federally insured limits by approximately \$1,100,000, 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. 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

Partnership With Native Americans

Notes to Financial Statements

December 31, 2017 and 2016

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.

No asset impairment was recognized during the years ended December 31, 2017 and 2016.

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, 2017 and 2016, \$22,760,916 and \$22,074,599, respectively, was received in in-kind contributions. Approximately 69% and 63%, of all in-kind contributions were received from three donors in 2017 and 2016, respectively.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2017 and 2016

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.
- **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 both years ended December 31, 2017 and 2016, the average wholesale price per pound of food was \$1.70.

Shipping and Handling Costs

Shipping and handling costs of \$6,243,455 and \$7,943,787, for 2017 and 2016, 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.

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*.

Partnership With Native Americans
Notes to Financial Statements
December 31, 2017 and 2016

Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 475,940	\$ 962,228
Domestic mutual funds	-	10,021
Domestic equities	158	754
International mutual funds	-	2,422
Fixed income bonds	360,972	1,810,337
Fixed income mutual funds	-	61,623
Certificates of deposit (non-negotiable)	16,205	15,030
Certificates of deposit (negotiable)	-	674,910
	<u>\$ 853,275</u>	<u>\$ 3,537,325</u>

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

	<u>2017</u>	<u>2016</u>
Net realized and unrealized gain (loss) on investments reported at fair value	\$ (9,443)	\$ 70,223
Interest and dividends, net of management fee	37,978	65,406
	<u>\$ 28,535</u>	<u>\$ 135,629</u>

Note 3: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2017</u>	<u>2016</u>
Land	\$ 657,862	\$ 814,938
Buildings	5,175,495	6,268,843
Building and leasehold improvements	242,768	708,224
Vehicles	1,558,915	1,540,601
Furniture and equipment	2,225,025	1,904,475
	<u>9,860,065</u>	<u>11,237,081</u>
Less accumulated depreciation and amortization	4,051,319	5,041,710
	<u>\$ 5,808,746</u>	<u>\$ 6,195,371</u>

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Notes to Financial Statements

December 31, 2017 and 2016

Note 4: Assets Held for Sale

In 2017, PWNA began actively pursuing the sale of its property in Elkwood, Virginia. In November 2017, PWNA signed a contract to sale the property for \$850,000 with a settlement date of February 15, 2018.

Note 5: 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, 2017 and 2016, of \$12,085 and \$16,660, 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 \$12,085 and \$16,660 at December 31, 2017 and 2016, respectively, to this agreement.

Note 6: Net Assets

Temporarily Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Scholarships	\$ 76,313	\$ 10,200
Healthy living	260,944	134,207
Special programs	550,000	25,340
Other	<u>64,507</u>	<u>43,356</u>
	<u>\$ 951,764</u>	<u>\$ 213,103</u>

Partnership With Native Americans
Notes to Financial Statements
December 31, 2017 and 2016

Permanently Restricted Net Assets

Permanently restricted net assets at December 31 are restricted to:

	<u>2017</u>	<u>2016</u>
Investment in perpetuity, the income of which is expendable to support PWNA operations	\$ 66,325	\$ 66,325

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>2017</u>	<u>2016</u>
Scholarships and education	\$ 10,200	\$ 6,000
Healthy living	134,207	17,026
Special programs	25,340	30,000
Other	31,271	22,189
	<u>\$ 201,018</u>	<u>\$ 75,215</u>

Note 7: 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:

2018	\$ 199,601
2019	211,239
2020	134,402
2021	56,750
2022	59,750
Thereafter	<u>5,000</u>
Total minimum lease payments	<u>\$ 666,742</u>

Rent expense for 2017 and 2016 was approximately \$310,000 and \$252,000, respectively.

In April 2018, PWNA entered into a contract to extend the lease for the Addison, Texas office to August 31, 2025.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2017 and 2016

Note 8: 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 \$83,940 and \$85,583, for 2017 and 2016, respectively.

Note 9: 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 \$7,217,159 and \$11,128,643, in 2017 and 2016, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2017</u>	<u>2016</u>
Fundraising	\$ 3,367,367	\$ 5,070,484
Plains Indian Services	1,889,250	3,023,917
Southwest Indian Services	1,529,733	2,471,206
American Indian Education Foundation	430,809	563,036
	<u>\$ 7,217,159</u>	<u>\$ 11,128,643</u>

Note 10: 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, 2017 and 2016

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, 2017 and 2016:

	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, 2017				
Cash and cash equivalents	\$ 475,940	\$ 475,940	\$ -	\$ -
Domestic equities	158	158	-	-
Fixed income bonds	360,972	-	360,972	-
December 31, 2016				
Cash and cash equivalents	\$ 962,228	\$ 962,228	\$ -	\$ -
Domestic mutual funds	10,021	10,021	-	-
Domestic equities	754	754	-	-
International mutual funds	2,422	2,422	-	-
Fixed income bonds	1,810,337	-	1,810,337	-
Fixed income mutual funds	61,623	61,623	-	-
Certificates of deposit - negotiable	674,910	674,910	-	-

The 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, 2017.

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. 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.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2017 and 2016

Note 11: 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, 2017, PWNA had approximately 3,300,000 Philippines Pesos worth approximately \$65,000. Annual gains or losses from foreign currency translations have been minimal.

Note 12: Subsequent Event

In February 2018, PWNA entered into a contract to lease the Ellwood, Virginia property from the buyer until May 2018.

In April 2018, PWNA entered into a contract to extend the lease for the Addison, Texas office to August 31, 2025.

Subsequent events have been evaluated through August 6, 2018, which is the date the financial statements were available to be issued.

Supplementary Information

Partnership With Native Americans
Schedule of Change in Net Assets
Year Ended December 31, 2017

	Other Unrestricted	In-kind Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support						
Direct contributions	\$ 17,399,111	\$ -	\$ 17,399,111	\$ 939,679	\$ -	\$ 18,338,790
In-kind donations	-	22,760,916	22,760,916	-	-	22,760,916
Other income	218,282	-	218,282	-	-	218,282
Gain on sale of asset	8,678	-	8,678	-	-	8,678
Net assets released from restrictions	201,018	-	201,018	(201,018)	-	-
	<u>17,827,089</u>	<u>22,760,916</u>	<u>40,588,005</u>	<u>738,661</u>	<u>-</u>	<u>41,326,666</u>
Total revenues and support						
Expenses						
Program services						
Plains Indian Services	4,070,472	7,943,957	12,014,429	-	-	12,014,429
Southwest Indian Services	4,058,701	9,497,822	13,556,523	-	-	13,556,523
American Indian Education Foundation	1,985,473	-	1,985,473	-	-	1,985,473
Other programs	354,705	-	354,705	-	-	354,705
	<u>10,469,351</u>	<u>17,441,779</u>	<u>27,911,130</u>	<u>-</u>	<u>-</u>	<u>27,911,130</u>
Total program services						
Supporting services						
Management and general	1,863,051	-	1,863,051	-	-	1,863,051
Fundraising	8,609,457	464,004	9,073,461	-	-	9,073,461
	<u>10,472,508</u>	<u>464,004</u>	<u>10,936,512</u>	<u>-</u>	<u>-</u>	<u>10,936,512</u>
Total supporting services						
Total expenses	<u>20,941,859</u>	<u>17,905,783</u>	<u>38,847,642</u>	<u>-</u>	<u>-</u>	<u>38,847,642</u>
Change in Net Assets	<u>\$ (3,114,770)</u>	<u>\$ 4,855,133</u>	<u>\$ 1,740,363</u>	<u>\$ 738,661</u>	<u>\$ -</u>	<u>\$ 2,479,024</u>

Partnership With Native Americans
Schedule of Change in Net Assets
Year Ended December 31, 2016

	Other Unrestricted	In-kind Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support						
Direct contributions	\$ 21,746,809	\$ -	\$ 21,746,809	\$ 169,747	\$ 460	\$ 21,917,016
In-kind donations	-	22,074,599	22,074,599	-	-	22,074,599
Other income	258,371	459,184	717,555	-	-	717,555
Gain on sale of asset	26,000	-	26,000	-	-	26,000
Net assets released from restrictions	75,215	-	75,215	(75,215)	-	-
	<u>22,106,395</u>	<u>22,533,783</u>	<u>44,640,178</u>	<u>94,532</u>	<u>460</u>	<u>44,735,170</u>
Expenses						
Program services						
Plains Indian Services	4,913,436	10,349,227	15,262,663	-	-	15,262,663
Southwest Indian Services	4,576,814	11,867,978	16,444,792	-	-	16,444,792
American Indian Education Foundation	1,909,249	-	1,909,249	-	-	1,909,249
Other programs	375,939	-	375,939	-	-	375,939
	<u>11,775,438</u>	<u>22,217,205</u>	<u>33,992,643</u>	<u>-</u>	<u>-</u>	<u>33,992,643</u>
Supporting services						
Management and general	2,045,774	-	2,045,774	-	-	2,045,774
Fundraising	10,771,485	458,160	11,229,645	-	-	11,229,645
	<u>12,817,259</u>	<u>458,160</u>	<u>13,275,419</u>	<u>-</u>	<u>-</u>	<u>13,275,419</u>
	<u>24,592,697</u>	<u>22,675,365</u>	<u>47,268,062</u>	<u>-</u>	<u>-</u>	<u>47,268,062</u>
Change in Net Assets	<u>\$ (2,486,302)</u>	<u>\$ (141,582)</u>	<u>\$ (2,627,884)</u>	<u>\$ 94,532</u>	<u>\$ 460</u>	<u>\$ (2,532,892)</u>