

Partnership With Native Americans

Independent Auditor's Report and Financial Statements

December 31, 2018 and 2017



Partnership With Native Americans

December 31, 2018 and 2017

Contents

Independent Auditor's Report.....	1
--	----------

Financial Statements

Statements of Financial Position	3
Statements of Activities.....	4
Statement of Functional Expenses – 2018.....	5
Statement of Functional Expenses – 2017.....	6
Statements of Cash Flows	7
Notes to Financial Statements	8

Supplementary Information

Schedule of Change in Net Assets – 2018.....	19
Schedule of Change in Net Assets – 2017.....	20

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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of Matter

As described in *Note 1* to the financial statements, in 2018, PWNA adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 are presented for purposes of additional analysis and are 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
July 3, 2019

Partnership With Native Americans
Statements of Financial Position
December 31, 2018 and 2017

Assets

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 1,773,048	\$ 1,518,819
Bequests receivable	149,948	111,150
Accounts receivable	586,028	781,111
Inventories	9,918,354	12,709,594
Short-term investments	17,275	853,275
Asset held for sale	-	850,000
Prepaid expenses and other assets	<u>279,988</u>	<u>366,785</u>
Total current assets	12,724,641	17,190,734
Property and equipment, net	<u>5,869,050</u>	<u>5,808,746</u>
Total assets	<u>\$ 18,593,691</u>	<u>\$ 22,999,480</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 509,626	\$ 918,100
Accrued liabilities	318,464	254,282
Deferred revenue	<u>154,449</u>	<u>-</u>
Total current liabilities	982,539	1,172,382
Annuities payable	<u>2,124</u>	<u>12,085</u>
Total liabilities	<u>984,663</u>	<u>1,184,467</u>
Net Assets		
Net assets without donor restriction	16,692,933	20,796,924
Net assets with donor restriction	<u>916,095</u>	<u>1,018,089</u>
Total net assets	<u>17,609,028</u>	<u>21,815,013</u>
Total liabilities and net assets	<u>\$ 18,593,691</u>	<u>\$ 22,999,480</u>

Partnership With Native Americans
Statements of Activities
Years Ended December 31, 2018 and 2017

	2018	2017
Changes in Net Assets Without Donor Restriction		
Unrestricted revenues, gains and other support		
Direct contributions	\$ 14,072,000	\$ 17,399,111
In-kind donations	13,327,911	22,760,916
Other income	203,018	218,282
Gain on sale of asset	-	8,678
Net assets released from restrictions	406,897	201,018
Total revenue and support	28,009,826	40,588,005
Expenses and Losses		
Program services		
Northern Plains Reservation Aid	9,069,569	12,014,429
Southwest Reservation Aid	13,101,686	13,556,523
American Indian Education Fund	1,088,668	1,985,473
Other programs	-	354,705
Total program services	23,259,923	27,911,130
Supporting services		
Management and general	1,872,347	1,863,051
Fundraising	6,981,547	9,073,461
Total supporting services	8,853,894	10,936,512
Total expenses	32,113,817	38,847,642
Increase (decrease) in net assets without donor restriction	(4,103,991)	1,740,363
Changes in Net Assets With Donor Restriction		
Direct contributions	304,903	939,679
Net assets released from restrictions	(406,897)	(201,018)
Increase (decrease) in net assets with donor restriction	(101,994)	738,661
Change in Net Assets	(4,205,985)	2,479,024
Net Assets, Beginning of Year	21,815,013	19,335,989
Net Assets, End of Year	\$ 17,609,028	\$ 21,815,013

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Northern Plains Reservation Aid</u>	<u>Southwest Reservation Aid</u>	<u>American Indian Education Fund</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Cost of goods distributed	\$ 6,178,376	\$ 9,817,759	\$ 104,889	\$ 16,101,024	\$ -	\$ -	\$ -	\$ 16,101,024
Grants	39,750	15,000	148,627	203,377	-	-	-	203,377
Advertising and list rentals	-	-	900	900	7,588	1,155,728	1,163,316	1,164,216
Mailing and shipping	1,776,609	1,800,466	208,696	3,785,771	17,581	979,307	996,888	4,782,659
Meetings and travel	12,921	26,112	108,741	147,774	26,615	24,114	50,729	198,503
Office supplies	22,912	24,967	6,104	53,983	1,790	8,805	10,595	64,578
Payroll and benefits	701,476	948,518	236,473	1,886,467	1,339,029	1,411,561	2,750,590	4,637,057
Printing	551	4,271	2,434	7,256	2,752	2,215,483	2,218,235	2,225,491
Professional fees	13,534	12,250	105,773	131,557	243,242	480,210	723,452	855,009
Rent and utilities	52,214	53,547	21,881	127,642	117,264	241,081	358,345	485,987
Computers and technology	15,205	15,632	6,283	37,120	12,982	115,619	128,601	165,721
Repairs and maintenance	64,987	138,521	5,264	208,772	2,272	5,406	7,678	216,450
Credit card processing and fees	15	-	-	15	316	50,646	50,962	50,977
Miscellaneous	10,571	24,298	61,204	96,073	53,661	27,195	80,856	176,929
Depreciation	117,040	152,239	46,569	315,848	27,462	142,929	170,391	486,239
Corporate insurance	53,570	55,836	24,232	133,638	12,254	27,432	39,686	173,324
Dues and fees	9,838	12,270	598	22,706	7,473	95,927	103,400	126,106
Interest	-	-	-	-	66	104	170	170
Total	<u>\$ 9,069,569</u>	<u>\$ 13,101,686</u>	<u>\$ 1,088,668</u>	<u>\$ 23,259,923</u>	<u>\$ 1,872,347</u>	<u>\$ 6,981,547</u>	<u>\$ 8,853,894</u>	<u>\$ 32,113,817</u>

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

	Program Services				Supporting Services			Total Supporting Services	Total Expenses
	Northern Plains Reservation Aid	Southwest Reservation Aid	American Indian Education Fund	Other Programs	Total Program Services	Management and General	Fundraising		
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	<u>\$ 12,014,429</u>	<u>\$ 13,556,523</u>	<u>\$ 1,985,473</u>	<u>\$ 354,705</u>	<u>\$ 27,911,130</u>	<u>\$ 1,863,051</u>	<u>\$ 9,073,461</u>	<u>\$ 10,936,512</u>	<u>\$ 38,847,642</u>

Partnership With Native Americans
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Activities		
Change in net assets	\$ (4,205,985)	\$ 2,479,024
Items not requiring (providing) operating cash		
Depreciation	486,239	404,398
Gain on sale of property and equipment	-	(8,678)
Net realized and unrealized loss on investments	6,316	9,443
Impairment loss	-	36,001
Changes in		
Accounts/bequests receivable	156,285	(141,572)
Accounts payable and accrued expenses	(344,292)	284,450
Deferred revenue	154,449	-
Annuities payable	(9,961)	(4,575)
Inventories	2,791,240	(4,663,101)
Other current assets and liabilities	86,797	(56,594)
	<u>(878,912)</u>	<u>(1,661,204)</u>
Net cash used in operating activities		
Investing Activities		
Proceeds from sale of investments	829,684	3,991,219
Proceeds from sale of assets held for sale and property and equipment	843,811	8,678
Purchases of property and equipment	(540,354)	(903,774)
Purchases of investments	-	(1,316,612)
	<u>1,133,141</u>	<u>1,779,511</u>
Net cash provided by investing activities		
Increase in Cash and Cash Equivalents	254,229	118,307
Cash and Cash Equivalents, Beginning of Year	<u>1,518,819</u>	<u>1,400,512</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,773,048</u>	<u>\$ 1,518,819</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2018 and 2017

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 nearly 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 approximately 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, 2018 and 2017, cash equivalents consisted primarily of money market accounts with brokers.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2018 and 2017

PWNA maintains its cash and cash equivalents with what it considers to be quality financial institutions. At December 31, 2018, PWNA's cash accounts exceeded federally insured limits by approximately \$1,200,000, which may constitute a credit risk.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at 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, net investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment return is reflected in the statements of activities with or without donor restriction 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, 2018 and 2017

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 material asset impairment was recognized during the years ended December 31, 2018 and 2017.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to PWNA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the PWNA overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Partnership With Native Americans

Notes to Financial Statements

December 31, 2018 and 2017

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

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, 2018 and 2017, \$13,327,911 and \$22,760,916, respectively, was received in in-kind contributions. Approximately 69% of all in-kind contributions were received from three donors in 2018 and 2017.

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 the years ended December 31, 2018 and 2017, the average wholesale price per pound of food was \$1.73 and \$1.70, respectively.

Shipping and Handling Costs

Shipping and handling costs of \$4,782,659 and \$6,243,455, for 2018 and 2017, respectively, are included in program expenses.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2018 and 2017

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*.

Change in Accounting Principle

In 2018 PWNA adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

The statement of financial position distinguishes between two new classes of net assets – those with donor-imposed restriction and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

Statements of Activities and Functional Expenses

Expenses are reported by nature and function.

Notes to Financial Statements

Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows to meet operating expenses for one year from the date of the statement of financial position.

This change has no impact on previously reported total change in net assets.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2018 and 2017

Note 2: Investments and Net Investment Return

Investments at December 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 2,275	\$ 475,940
Domestic equities	-	158
Fixed income bonds	-	360,972
Certificates of deposit (non-negotiable)	<u>15,000</u>	<u>16,205</u>
	<u>\$ 17,275</u>	<u>\$ 853,275</u>

Total net investment return (loss), recorded in other income, is comprised of the following:

	<u>2018</u>	<u>2017</u>
Net realized and unrealized gain (loss) on investments reported at fair value	\$ (6,316)	\$ (9,443)
Interest and dividends, net of management fee	<u>5,649</u>	<u>37,978</u>
	<u>\$ (667)</u>	<u>\$ 28,535</u>

Note 3: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2018</u>	<u>2017</u>
Land	\$ 657,863	\$ 657,862
Buildings	5,175,495	5,175,495
Building and leasehold improvements	242,768	242,768
Vehicles	1,558,915	1,558,915
Furniture and equipment	<u>2,771,567</u>	<u>2,225,025</u>
	10,406,608	9,860,065
Less accumulated depreciation and amortization	<u>4,537,558</u>	<u>4,051,319</u>
	<u>\$ 5,869,050</u>	<u>\$ 5,808,746</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2018 and 2017

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 and the sale was settled 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, 2018 and 2017, of \$2,124 and \$12,085, respectively, 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. Net assets with donor restrictions included \$2,124 and \$12,085 at December 31, 2018 and 2017, respectively, related to this agreement.

Note 6: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are available for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose, passage of time or both		
Scholarships	\$ 11,694	\$ 76,313
Healthy living	116,694	260,944
Emergency services	655,048	550,000
Other	<u>66,334</u>	<u>64,507</u>
	849,770	951,764
Subject to PWNA endowment spending policy and appropriation		
PWNA operations	<u>66,325</u>	<u>66,325</u>
	<u>\$ 916,095</u>	<u>\$ 1,018,089</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2018 and 2017

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>2018</u>	<u>2017</u>
Scholarships and education	\$ 72,500	\$ 10,200
Healthy living	-	134,207
Emergency services	130,278	25,340
Other	204,119	31,271
	<u>\$ 406,897</u>	<u>\$ 201,018</u>

Note 7: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 and 2017, comprise the following:

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and cash equivalents	\$ 1,773,048	\$ 1,518,819
Bequests and accounts receivable	735,976	892,261
Investments	17,275	853,275
	<u>2,526,299</u>	<u>3,264,355</u>
Donor imposed restrictions		
Deferred revenue	154,449	-
Temporarily restricted as to use	849,770	951,764
Permanently restricted	66,325	66,325
	<u>1,070,544</u>	<u>1,018,089</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,455,755</u>	<u>\$ 2,246,266</u>

PWNA receives contributions which are unrestricted by donors and such contributions are available to meet cash needs for general expenditures which are ongoing, major and central to its annual operations. For the years ended December 31, 2018 and 2017, financial assets of \$1,455,755 and \$2,246,266, respectively, were available to meet cash needs for general expenditures within one year.

Bequests and contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2018 and 2017

PWNA's temporarily restricted funds consist of grant funds, bequests and other gifts received with specific donor-imposed purpose restrictions. Funds are available for specific program usage and are released when donor-imposed restrictions are met.

PWNA has a liquidity policy to maintain financial assets available to meet cash needs for general expenditures at a minimum of 30 days of operating expenses, which are, on average, \$1,000,000. PWNA has long-term target of a year-end balance of reserves without donor restriction and which are undesignated by the Board to meet 60 to 120 days of expected expenditures and has a Cash Reserve Policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To achieve these targets, PWNA forecasts its future cash flows and monitors its liquidity monthly and monitors its reserves annually.

PWNA has a committed line of credit in the amounts of \$1,500,000, which it could draw upon in the event of an unanticipated liquidity need; however, has elected to not draw upon the line.

Note 8: Operating Leases

Noncancellable operating leases for office space expire in various years through 2025. These leases require PWNA to pay all executory costs (maintenance and insurance).

Future minimum lease payments under operating leases are:

2019	\$ 211,239
2020	194,687
2021	222,942
2022	230,830
2023	180,968
Thereafter	<u>330,754</u>
Total minimum lease payments	<u>\$ 1,371,420</u>

Rent expense for 2018 and 2017 was approximately \$197,000 and \$310,000, 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, 2018 and 2017

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 \$100,771 and \$92,618, for 2018 and 2017, respectively.

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 \$5,958,742 and \$7,217,159, in 2018 and 2017, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2018</u>	<u>2017</u>
Fundraising	\$ 2,962,984	\$ 3,367,367
Northern Plains Reservation Aid	1,339,238	1,889,250
Southwest Reservation Aid	1,453,442	1,529,733
American Indian Education Fund	<u>203,078</u>	<u>430,809</u>
	<u>\$ 5,958,742</u>	<u>\$ 7,217,159</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, 2018 and 2017

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, 2018 and 2017:

	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, 2018				
Certificates of deposit (non-negotiable)	\$ 15,000	\$ 15,000	\$ -	\$ -
December 31, 2017				
Domestic equities	\$ 158	\$ 158	\$ -	\$ -
Fixed income bonds	360,972	-	360,972	

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, 2018.

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.

Note 13: Line of Credit

In June 2018, PWNA entered into a \$1,500,000 revolving line of credit agreement expiring July 1, 2019. At December 31, 2018, there was no outstanding borrowing against this line. The line is collateralized by substantially all of PWNA's assets. Interest varies with the bank's prime rate plus three percent, which approximated 5.73 percent at December 31, 2018, and is payable monthly.

Note 14: Subsequent Event

Subsequent events have been evaluated through July 3, 2019, 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, 2018

	Other Without Donor Restriction	In-kind Without Donor Restriction	Total Without Donor Restriction	With Donor Restriction	Total
Revenues and Support					
Direct contributions	\$ 14,072,000	\$ -	\$ 14,072,000	\$ 304,903	\$ 14,376,903
In-kind donations	-	13,327,911	13,327,911	-	13,327,911
Other income	203,018	-	203,018	-	203,018
Net assets released from restrictions	406,897	-	406,897	(406,897)	-
	<u>14,681,915</u>	<u>13,327,911</u>	<u>28,009,826</u>	<u>(101,994)</u>	<u>27,907,832</u>
Expenses					
Program services					
Northern Plains Reservation Aid	3,392,253	5,677,316	9,069,569	-	9,069,569
Southwest Reservation Aid	3,572,194	9,529,492	13,101,686	-	13,101,686
American Indian Education Fund	1,088,668	-	1,088,668	-	1,088,668
	<u>8,053,115</u>	<u>15,206,808</u>	<u>23,259,923</u>	<u>-</u>	<u>23,259,923</u>
Supporting services					
Management and general	1,872,347	-	1,872,347	-	1,872,347
Fundraising	6,981,493	54	6,981,547	-	6,981,547
	<u>8,853,840</u>	<u>54</u>	<u>8,853,894</u>	<u>-</u>	<u>8,853,894</u>
Total expenses	<u>16,906,955</u>	<u>15,206,862</u>	<u>32,113,817</u>	<u>-</u>	<u>32,113,817</u>
Change in Net Assets	<u>\$ (2,225,040)</u>	<u>\$ (1,878,951)</u>	<u>\$ (4,103,991)</u>	<u>\$ (101,994)</u>	<u>\$ (4,205,985)</u>

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

	Other Without Donor Restriction	In-kind Without Donor Restriction	Total Without Donor Restriction	With Donor Restriction	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>41,326,666</u>
Total revenues and support					
Expenses					
Program services					
Northern Plains Reservation Aid	12,014,429	-	12,014,429	-	12,014,429
Southwest Reservation Aid	13,556,523	-	13,556,523	-	13,556,523
American Indian Education Fund	1,985,473	-	1,985,473	-	1,985,473
Other programs	354,705	-	354,705	-	354,705
	<u>27,911,130</u>	<u>-</u>	<u>27,911,130</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	9,073,461	-	9,073,461	-	9,073,461
	<u>10,936,512</u>	<u>-</u>	<u>10,936,512</u>	<u>-</u>	<u>10,936,512</u>
Total supporting services					
Total expenses	<u>38,847,642</u>	<u>-</u>	<u>38,847,642</u>	<u>-</u>	<u>38,847,642</u>
Change in Net Assets	<u>\$ (21,020,553)</u>	<u>\$ 22,760,916</u>	<u>\$ 1,740,363</u>	<u>\$ 738,661</u>	<u>\$ 2,479,024</u>