

Partnership With Native Americans

Independent Auditor's Report and Financial Statements

December 31, 2019 and 2018

Partnership With Native Americans

December 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 2019, PWNA adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. 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
May 28, 2020

Partnership With Native Americans
Statements of Financial Position
December 31, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 2,732,504	\$ 1,773,048
Bequests receivable	393,613	149,948
Accounts receivable	332,090	586,028
Inventories	8,358,850	9,918,354
Short-term investments	72,567	17,275
Prepaid expenses and other assets	<u>267,975</u>	<u>279,988</u>
Total current assets	12,157,599	12,724,641
Property and equipment, net	<u>5,414,208</u>	<u>5,869,050</u>
Total assets	<u>\$ 17,571,807</u>	<u>\$ 18,593,691</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 397,435	\$ 509,626
Accrued liabilities	318,214	318,464
Deferred revenue	<u>134,015</u>	<u>154,449</u>
Total current liabilities	849,664	982,539
Annuities payable	<u>994</u>	<u>2,124</u>
Total liabilities	<u>850,658</u>	<u>984,663</u>
Net Assets		
Net assets without donor restriction	15,995,776	16,692,933
Net assets with donor restriction	<u>725,373</u>	<u>916,095</u>
Total net assets	<u>16,721,149</u>	<u>17,609,028</u>
Total liabilities and net assets	<u>\$ 17,571,807</u>	<u>\$ 18,593,691</u>

Partnership With Native Americans
Statements of Activities
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restriction		
Unrestricted revenues, gains and other support		
Direct contributions	\$ 13,471,689	\$ 14,072,000
In-kind donations	9,794,768	13,327,911
Other income	239,816	203,018
Net assets released from restrictions	<u>761,885</u>	<u>406,897</u>
Total revenue and support	<u>24,268,158</u>	<u>28,009,826</u>
Expenses and Losses		
Program services		
Northern Plains Reservation Aid	7,884,455	9,069,569
Southwest Reservation Aid	8,145,351	13,101,686
Long-Term Solutions	<u>1,072,132</u>	<u>1,088,668</u>
Total program services	<u>17,101,938</u>	<u>23,259,923</u>
Supporting services		
Management and general	1,600,822	1,872,347
Fundraising	<u>6,262,555</u>	<u>6,981,547</u>
Total supporting services	<u>7,863,377</u>	<u>8,853,894</u>
Total expenses	<u>24,965,315</u>	<u>32,113,817</u>
Decrease in net assets without donor restriction	<u>(697,157)</u>	<u>(4,103,991)</u>
Changes in Net Assets With Donor Restriction		
Direct contributions	571,163	304,903
Net assets released from restrictions	<u>(761,885)</u>	<u>(406,897)</u>
Decrease in net assets with donor restriction	<u>(190,722)</u>	<u>(101,994)</u>
Change in Net Assets	(887,879)	(4,205,985)
Net Assets, Beginning of Year	<u>17,609,028</u>	<u>21,815,013</u>
Net Assets, End of Year	<u>\$ 16,721,149</u>	<u>\$ 17,609,028</u>

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2019

	<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>Long-Term Solutions</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Cost of goods distributed	\$ 5,774,586	\$ 5,563,479	\$ 58,272	\$ 11,396,337	\$ -	\$ -	\$ -	\$ 11,396,337
Grants	44,350	48,810	133,027	226,187	-	-	-	226,187
Advertising and list rentals	86,041	-	-	86,041	3,026	1,142,005	1,145,031	1,231,072
Mailing and shipping	1,107,343	1,350,291	124,027	2,581,661	3,076	1,049,186	1,052,262	3,633,923
Meetings and travel	3,733	11,423	110,761	125,917	18,527	10,656	29,183	155,100
Office supplies	16,611	16,359	58,230	91,200	2,449	6,377	8,826	100,026
Payroll and benefits	513,184	758,048	210,107	1,481,339	1,130,402	1,077,419	2,207,821	3,689,160
Printing	818	2,684	497	3,999	492	1,680,277	1,680,769	1,684,768
Professional fees	978	982	229,332	231,292	209,187	599,538	808,725	1,040,017
Rent and utilities	44,495	46,348	26,865	117,708	96,553	187,737	284,290	401,998
Computers and technology	18,064	19,273	5,001	42,338	17,667	129,795	147,462	189,800
Repairs and maintenance	55,334	98,860	11,190	165,384	444	858	1,302	166,686
Credit card processing and fees	15	15	-	30	2,500	49,196	51,696	51,726
Miscellaneous	67,537	58,949	80,870	207,356	76,673	11,695	88,368	295,724
Depreciation	128,347	146,805	21,166	296,318	25,743	246,546	272,289	568,607
Corporate insurance	13,405	11,486	2,682	27,573	7,224	26,043	33,267	60,840
Dues and fees	9,614	11,539	105	21,258	6,859	45,227	52,086	73,344
Total	<u>\$ 7,884,455</u>	<u>\$ 8,145,351</u>	<u>\$ 1,072,132</u>	<u>\$ 17,101,938</u>	<u>\$ 1,600,822</u>	<u>\$ 6,262,555</u>	<u>\$ 7,863,377</u>	<u>\$ 24,965,315</u>

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

	Program Services				Supporting Services			Total Expenses
	Northern Plains Reservation Aid	Southwest Reservation Aid	Long-Term Solutions	Total Program Services	Management and General	Fundraising	Total Supporting Services	
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
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ (887,879)	\$ (4,205,985)
Items not requiring (providing) operating cash		
Depreciation	568,607	486,239
Net realized and unrealized (gain) loss on investments	(449)	6,316
Changes in		
Accounts/bequests receivable	10,273	156,285
Inventories	1,559,504	2,791,240
Prepaid expenses and other assets	12,013	86,797
Accounts payable and accrued expenses	(112,441)	(344,292)
Annuities payable	(1,130)	(9,961)
Deferred revenue	(20,434)	154,449
	<u>1,128,064</u>	<u>(878,912)</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Proceeds from sale of investments	-	829,684
Proceeds from sale of assets held for sale and property and equipment	-	843,811
Purchases of property and equipment	(113,765)	(540,354)
Purchases of investments	(54,843)	-
	<u>(168,608)</u>	<u>1,133,141</u>
Net cash provided by (used in) investing activities		
Increase in Cash and Cash Equivalents	959,456	254,229
Cash and Cash Equivalents, Beginning of Year	<u>1,773,048</u>	<u>1,518,819</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,732,504</u>	<u>\$ 1,773,048</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2019 and 2018

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 for nearly 30 years with our 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.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2019 and 2018

Cash and Cash Equivalents

PWNA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2019 and 2018, cash equivalents consisted primarily of money market accounts with brokers.

PWNA maintains its cash and cash equivalents with what it considers to be quality financial institutions. At December 31, 2019, PWNA's cash accounts exceeded federally insured limits by approximately \$2,076,000, 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.

Property and Equipment

PWNA capitalizes those items in excess of \$5,000 which have a useful life greater than one year. 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.

No material asset impairment was recognized during the years ended December 31, 2019 and 2018.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2019 and 2018

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.

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.

Bequests and Contributions

Bequests are recorded as contribution revenue when it has exited probate and the amount is determinable in accordance with accounting principles generally accepted in the United States of America. At December 31, 2019 and 2018, \$393,613 and \$149,948, respectively, of bequests had exited probate with a determinable amount and were recorded as a receivable in the accompanying statements of financial position.

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, 2019 and 2018

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.

Conditional Gifts and Deferred Revenue

PWNA has received conditional contributions of approximately \$284,000 at December 31, 2019, that were not recognized in the financial statements. The conditions are anticipated to be met and contributions recognized in 2020. Conditional contributions for which the cash has been received are recorded as deferred revenue in the accompanying statement of financial position until the conditions have been met and the contribution is recognized. At December 31, 2019 and 2018, \$134,015 and \$154,449 is recorded as deferred revenue in the accompanying statements of financial position.

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, 2019 and 2018, \$9,794,768 and \$13,327,911, respectively, was received in in-kind contributions. Approximately 77% and 69% of all in-kind contributions were received from three donors in 2019 and 2018, respectively.

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, 2019 and 2018

- **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, 2019 and 2018, the average wholesale price per pound of food was \$1.68 and \$1.73, respectively.

Shipping and Handling Costs

Shipping and handling costs of \$2,581,661 and \$3,785,771 for 2019 and 2018, 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. PWNA files tax returns in the U.S. federal jurisdiction.

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.

Advertising Expenses

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2019 and 2018, were \$1,231,072 and \$1,164,216, respectively.

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

On January 1, 2019, PWNA adopted the Financial Accounting Standards Board Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, (ASU 2018-08) using a modified prospective basis at January 1, 2019. The amendments of the standard were applied to agreements that were not completed as of January 1, 2019, or entered into after January 1, 2019.

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Notes to Financial Statements

December 31, 2019 and 2018

ASU 2018-08 clarifies the guidance on determining whether a transaction with a resource provider is a contribution or an exchange transaction. Upon adoption of the standard, the Forum determined that the nonexchange portion of sponsorship revenue is conditional upon the event occurring and includes a right of return or release, and therefore should not be recorded until this barrier is overcome. The standard amends the simultaneous release accounting policy to allow a not-for-profit to elect a separate policy for donor-restricted contributions that were initially conditional contributions without also having to elect the policy for other donor-restricted contributions.

Note 2: Investments and Net Investment Return

Investments at December 31 consisted of the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 4,929	\$ 2,275
Certificates of deposit (non-negotiable)	<u>67,638</u>	<u>15,000</u>
	<u>\$ 72,567</u>	<u>\$ 17,275</u>

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

	<u>2019</u>	<u>2018</u>
Net realized and unrealized gain (loss) on investments reported at fair value	\$ 449	\$ (6,316)
Interest and dividends, net of management fee	<u>2,680</u>	<u>5,649</u>
	<u>\$ 3,129</u>	<u>\$ (667)</u>

Note 3: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2019</u>	<u>2018</u>
Land	\$ 657,863	\$ 657,863
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>2,885,331</u>	<u>2,771,567</u>
	10,520,372	10,406,608
Less accumulated depreciation and amortization	<u>5,106,164</u>	<u>4,537,558</u>
	<u>\$ 5,414,208</u>	<u>\$ 5,869,050</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2019 and 2018

Note 4: 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>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose, passage of time or both		
Scholarships	\$ -	\$ 11,694
Healthy living	75,951	116,694
Emergency services	507,321	655,048
Other	<u>75,776</u>	<u>66,334</u>
	659,048	849,770
Subject to PWNA endowment spending policy and appropriation		
PWNA operations	<u>66,325</u>	<u>66,325</u>
	<u>\$ 725,373</u>	<u>\$ 916,095</u>

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>2019</u>	<u>2018</u>
Scholarships and education	\$ 44,564	\$ 72,500
Healthy living	116,243	-
Emergency services	144,155	130,278
Other	<u>456,923</u>	<u>204,119</u>
	<u>\$ 761,885</u>	<u>\$ 406,897</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2019 and 2018

Note 5: 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, 2019 and 2018, comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and cash equivalents	\$ 2,732,504	\$ 1,773,048
Bequests and accounts receivable	725,703	735,976
Investments	<u>72,567</u>	<u>17,275</u>
	<u>3,530,774</u>	<u>2,526,299</u>
Donor imposed restrictions		
Deferred revenue	134,015	154,449
Restricted as to use	659,048	849,770
Perpetual endowments	<u>66,325</u>	<u>66,325</u>
	<u>859,388</u>	<u>1,070,544</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,671,386</u>	<u>\$ 1,455,755</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, 2019 and 2018, financial assets of \$2,671,386 and \$1,455,755, 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.

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.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2019 and 2018

Note 6: 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:

2020	\$ 194,687
2021	222,942
2022	230,830
2023	180,968
2024	197,149
Thereafter	<u>133,605</u>
Total minimum lease payments	<u>\$ 1,160,181</u>

Rent expense for 2019 and 2018, was approximately \$211,000 and \$197,000, respectively.

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

Note 7: Pension and Other Postretirement Benefit Plans

PWNA has a 401(k) plan covering substantially all employees. PWNA contributions to the plan are 3% of annual compensation of all eligible employees. Contributions to the plan were \$82,946 and \$100,771, for 2019 and 2018, respectively.

Note 8: 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 \$4,714,481 and \$5,958,742, in 2019 and 2018, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2019</u>	<u>2018</u>
Fundraising	\$ 2,567,691	\$ 2,962,984
Northern Plains Reservation Aid	882,211	1,339,238
Southwest Reservation Aid	1,146,891	1,453,442
Long-Term Solutions	<u>117,688</u>	<u>203,078</u>
	<u>\$ 4,714,481</u>	<u>\$ 5,958,742</u>

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Notes to Financial Statements

December 31, 2019 and 2018

Note 9: 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

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, 2019 and 2018:

	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, 2019				
Certificates of deposit (non-negotiable)	\$ 67,638	\$ 67,638	\$ -	\$ -
December 31, 2018				
Certificates of deposit (non-negotiable)	\$ 15,000	\$ 15,000	\$ -	\$ -

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, 2019.

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Notes to Financial Statements

December 31, 2019 and 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 10: Line of Credit

In July 2019, PWNA entered into a \$1,500,000 revolving line of credit agreement. The line of credit was renewed July 2, 2019, and is set to expire July 7, 2020. At December 31, 2019 and 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 5.84 percent and 4.75 percent at December 31, 2019 and 2018, respectively, and is payable monthly.

Note 11: Subsequent Event

Subsequent events have been evaluated through May 28, 2020, which is the date the financial statements were available to be issued.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act. On May 4, 2020, PWNA received a loan in the amount of \$679,620 pursuant to the Paycheck Protection Program. PWNA anticipates using all of the proceeds to make eligible payments, and therefore, expects substantially all of the loan will be forgiven.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of PWNA. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Supplementary Information

Partnership With Native Americans
Schedule of Change in Net Assets
Year Ended December 31, 2019

	Other Without Donor Restriction	In-kind Without Donor Restriction	Total Without Donor Restriction	With Donor Restriction	Total
Revenues and Support					
Direct contributions	\$ 13,471,689	\$ -	\$ 13,471,689	\$ 571,163	\$ 14,042,852
In-kind donations	-	9,794,768	9,794,768	-	9,794,768
Other income	239,816	-	239,816	-	239,816
Net assets released from restrictions	761,885	-	761,885	(761,885)	-
	<u>14,473,390</u>	<u>9,794,768</u>	<u>24,268,158</u>	<u>(190,722)</u>	<u>24,077,436</u>
Expenses					
Program services					
Northern Plains Reservation Aid	2,933,677	4,950,778	7,884,455	-	7,884,455
Southwest Reservation Aid	2,743,859	5,401,492	8,145,351	-	8,145,351
Long-Term Solutions	1,072,132	-	1,072,132	-	1,072,132
	<u>6,749,668</u>	<u>10,352,270</u>	<u>17,101,938</u>	<u>-</u>	<u>17,101,938</u>
Supporting services					
Management and general	1,600,822	-	1,600,822	-	1,600,822
Fundraising	6,262,485	70	6,262,555	-	6,262,555
	<u>7,863,307</u>	<u>70</u>	<u>7,863,377</u>	<u>-</u>	<u>7,863,377</u>
Total expenses	<u>14,612,975</u>	<u>10,352,340</u>	<u>24,965,315</u>	<u>-</u>	<u>24,965,315</u>
Change in Net Assets	<u>\$ (139,585)</u>	<u>\$ (557,572)</u>	<u>\$ (697,157)</u>	<u>\$ (190,722)</u>	<u>\$ (887,879)</u>

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)	-
Total revenues and support	<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	9,069,569	-	9,069,569	-	9,069,569
Southwest Reservation Aid	13,101,686	-	13,101,686	-	13,101,686
Long-Term Solutions	1,088,668	-	1,088,668	-	1,088,668
Total program services	<u>23,259,923</u>	<u>-</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	6,981,547	-	6,981,547	-	6,981,547
Total supporting services	<u>8,853,894</u>	<u>-</u>	<u>8,853,894</u>	<u>-</u>	<u>8,853,894</u>
Total expenses	<u>32,113,817</u>	<u>-</u>	<u>32,113,817</u>	<u>-</u>	<u>32,113,817</u>
Change in Net Assets	<u>\$ (17,431,902)</u>	<u>\$ 13,327,911</u>	<u>\$ (4,103,991)</u>	<u>\$ (101,994)</u>	<u>\$ (4,205,985)</u>