

Partnership With Native Americans

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

Partnership With Native Americans

December 31, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Partnership With Native Americans
Addison, Texas

Opinion

We have audited the accompanying financial statements of Partnership With Native Americans (PWNA), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PWNA as of December 31, 2021 and 2020 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of PWNA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PWNA's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Changes 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 23, 2022

Partnership With Native Americans
Statements of Financial Position
December 31, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 6,991,940	\$ 6,861,716
Contributions receivable	1,000,697	894,063
Inventories	15,715,594	23,045,667
Short-term investments	3,090,366	85,256
Prepaid expenses and other assets	<u>297,930</u>	<u>313,031</u>
Total current assets	27,096,527	31,199,733
Property and equipment, net	<u>4,858,382</u>	<u>5,192,804</u>
Total assets	<u>\$ 31,954,909</u>	<u>\$ 36,392,537</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 228,750	\$ 242,372
Accrued liabilities	441,928	393,390
Deferred revenue	297,579	419,083
Paycheck Protection Program loan	<u>-</u>	<u>679,620</u>
Total current liabilities	968,257	1,734,465
Total liabilities	<u>968,257</u>	<u>1,734,465</u>
Net Assets		
Net assets without donor restriction	29,593,820	33,015,653
Net assets with donor restriction	<u>1,392,832</u>	<u>1,642,419</u>
Total net assets	<u>30,986,652</u>	<u>34,658,072</u>
Total liabilities and net assets	<u>\$ 31,954,909</u>	<u>\$ 36,392,537</u>

Partnership With Native Americans
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021	2020
Changes in Net Assets Without Donor Restriction		
Unrestricted revenues, gains and other support		
Direct contributions	\$ 16,364,554	\$ 14,843,919
In-kind donations	12,211,921	28,359,572
Other income	153,541	208,610
Gain on sale of asset	16,050	21,200
Net assets released from restrictions	1,314,598	1,769,622
Total revenue and support	30,060,664	45,202,923
Expenses and Losses		
Program services		
Northern Plains Reservation Aid	10,098,963	8,695,187
Southwest Reservation Aid	13,682,457	9,550,369
Long-Term Solutions	958,782	1,226,769
Total program services	24,740,202	19,472,325
Supporting services		
Management and general	1,808,949	1,758,222
Fundraising	6,933,346	6,952,499
Total supporting services	8,742,295	8,710,721
Total expenses	33,482,497	28,183,046
Increase (decrease) in net assets without donor restriction	(3,421,833)	17,019,877
Changes in Net Assets With Donor Restriction		
Direct contributions	1,065,011	2,686,668
Net assets released from restrictions	(1,314,598)	(1,769,622)
Increase (decrease) in net assets with donor restriction	(249,587)	917,046
Change in Net Assets	(3,671,420)	17,936,923
Net Assets, Beginning of Year	34,658,072	16,721,149
Net Assets, End of Year	\$ 30,986,652	\$ 34,658,072

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services				Supporting Services		Total Supporting Services	Total Expenses
	Northern Plains Reservation Aid	Southwest Reservation Aid	Long-Term Solutions	Total Program Services	Management and General	Fundraising		
Cost of goods distributed	\$ 8,732,010	\$ 11,170,624	\$ 206,764	\$ 20,109,398	\$ -	\$ -	\$ -	\$ 20,109,398
Grants	57,555	47,140	156,611	261,306	-	-	-	261,306
Advertising	-	-	-	-	-	625,742	625,742	625,742
Mailing and shipping	496,153	1,321,106	42,377	1,859,636	2,271	1,329,437	1,331,708	3,191,344
Meetings and travel	3,356	5,521	20,302	29,179	30,498	13,677	44,175	73,354
Office supplies	30,683	12,116	24,459	67,258	-	22,480	22,480	89,738
Payroll and benefits	480,063	709,871	319,903	1,509,837	1,384,682	1,459,335	2,844,017	4,353,854
Publications and Printing	805	4,831	247	5,883	10,599	1,265,864	1,276,463	1,282,346
Professional fees	4,900	14,710	71,760	91,370	199,361	731,598	930,959	1,022,329
Rent and utilities	28,318	25,155	11,120	64,593	86,586	155,678	242,264	306,857
Computers and technology	32,011	43,791	22,051	97,853	49,155	323,833	372,988	470,841
Repairs and maintenance	30,842	59,147	5,031	95,020	787	6,252	7,039	102,059
Credit card processing and fees	15	-	-	15	4,520	181,532	186,052	186,067
Depreciation	107,923	148,087	52,217	308,227	24,208	265,859	290,067	598,294
Corporate insurance	59,506	61,076	23,558	144,140	11,796	30,953	42,749	186,889
Dues and fees	34,823	59,282	2,382	96,487	4,486	521,106	525,592	622,079
Total	<u>\$ 10,098,963</u>	<u>\$ 13,682,457</u>	<u>\$ 958,782</u>	<u>\$ 24,740,202</u>	<u>\$ 1,808,949</u>	<u>\$ 6,933,346</u>	<u>\$ 8,742,295</u>	<u>\$ 33,482,497</u>

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Supporting Services		Total Supporting Services	Total Expenses
	Northern Plains Reservation Aid	Southwest Reservation Aid	Long-Term Solutions	Total Program Services	Management and General	Fundraising		
Cost of goods distributed	\$ 7,007,886	\$ 6,919,878	\$ 264,490	\$ 14,192,254	\$ -	\$ -	\$ -	\$ 14,192,254
Grants	91,954	170,300	210,308	472,562	1,000	-	1,000	473,562
Advertising	-	-	-	-	-	660,574	660,574	660,574
Mailing and shipping	626,287	1,244,321	66,675	1,937,283	1,848	1,476,398	1,478,246	3,415,529
Meetings and travel	1,016	736	31,192	32,944	7,728	9,860	17,588	50,532
Office supplies	24,132	36,087	133,990	194,209	3,575	15,001	18,576	212,785
Payroll and benefits	532,807	740,471	311,727	1,585,005	1,332,495	1,283,633	2,616,128	4,201,133
Publications and Printing	422	1,302	348	2,072	8,430	1,355,824	1,364,254	1,366,326
Professional fees	4,952	14,507	102,282	121,741	189,403	225,344	414,747	536,488
Rent and utilities	24,321	26,936	8,735	59,992	82,987	152,692	235,679	295,671
Computers and technology	46,402	46,637	27,897	120,936	86,844	781,420	868,264	989,200
Repairs and maintenance	78,117	67,261	6,290	151,668	216	1,526	1,742	153,410
Credit card processing and fees	-	-	-	-	2,726	180,989	183,715	183,715
Depreciation	110,756	123,412	40,706	274,874	26,661	267,480	294,141	569,015
Corporate insurance	67,892	58,604	22,111	148,607	9,858	23,665	33,523	182,130
Dues and fees	78,243	99,917	18	178,178	4,451	518,093	522,544	700,722
Total	<u>\$ 8,695,187</u>	<u>\$ 9,550,369</u>	<u>\$ 1,226,769</u>	<u>\$ 19,472,325</u>	<u>\$ 1,758,222</u>	<u>\$ 6,952,499</u>	<u>\$ 8,710,721</u>	<u>\$ 28,183,046</u>

Partnership With Native Americans
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ (3,671,420)	\$ 17,936,923
Items not requiring (providing) operating cash		
Depreciation	598,294	569,015
Gain on sale of property and equipment	(16,050)	(21,200)
Net realized and unrealized (gain) loss on investments	608	404
Forgiveness of Paycheck Protection Program Loan	(679,620)	-
Changes in		
Contributions receivable	(106,634)	(168,360)
Inventories	7,330,073	(14,686,817)
Prepaid expenses and other assets	15,101	(45,056)
Accounts payable and accrued liabilities	34,916	(79,887)
Deferred revenue	(121,504)	285,068
Annuities payable	-	(994)
Paycheck Protection Program loan	-	679,620
	<u>3,383,764</u>	<u>4,468,716</u>
Net cash provided by operating activities		
Investing Activities		
Proceeds from sale of property and equipment	16,050	21,200
Purchases of property and equipment	(263,872)	(347,611)
Purchases of investments	(3,005,718)	(13,093)
	<u>(3,253,540)</u>	<u>(339,504)</u>
Net cash used in investing activities		
Increase in Cash and Cash Equivalents	130,224	4,129,212
Cash and Cash Equivalents, Beginning of Year	<u>6,861,716</u>	<u>2,732,504</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,991,940</u>	<u>\$ 6,861,716</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

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 operates with the belief that the knowledge of how to best change outcomes in Indigenous communities comes from within and that Tribal programs who partner with PWNA are best positioned to provide competent strategies. PWNA serves as a reliant, consistent source to partners, creating a forum for communication and understanding that provides culturally relevant, community-driven solutions grounded in Tribal knowledge and first voice perspective to empower Native American communities. Using a dual approach, PWNA responds to immediate needs by providing food, water and other critical aid, while also supporting 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 our reservation partnerships; distribution network; and passionate staff, Board members and volunteers, PWNA has benefitted approximately 250,000 Native Americans each year.

First incorporated as National Relief Charities in North Carolina in 1990, and rebranding on 2015, 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 officially changed its name with the Internal Revenue Service, margining NRC into PWNA and incorporating within the state of Texas, on January 28, 2015.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

Cash and Cash Equivalents

PWNA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, 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, 2021, PWNA's cash accounts exceeded federally insured limits by \$6,628,465, 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, less external 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, 2021 and 2020.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

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 (GAAP).

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

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.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

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.

Contributions receivable as of December 31, 2021 and 2020 in the accompanying statement of financial position are all deemed to be due within one year and no provision for uncollectible accounts was necessary for either year end.

Conditional Gifts and Deferred Revenue

Conditional contributions for which the cash has been received are recorded as deferred revenue in the accompanying statements of financial position until the conditions have been met and the contribution is recognized in accordance with GAAP. At December 31, 2021 and 2020, \$297,579 and \$419,083 in conditional gifts is recorded as deferred revenue and is expected to be recognized within the next year.

Additionally, at December 31, 2021 and 2020 PWNA had received \$300,000 and \$600,000, respectively, in conditional contributions not recognized in the accompanying financial statements. These contributions will be recognized upon satisfying barriers outlined within the corresponding agreements.

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, 2021 and 2020, \$12,211,921 and \$28,359,572, respectively, was received in in-kind contributions. Approximately 72% and 70% of all in-kind contributions were received from three donors in 2021 and 2020, respectively.

Inventory

Inventories consist of donated and purchased supplies and are usually acquired through major retailer and not-for-profit organizations donations. Purchased inventories are stated at the lower of cost or net realizable value.

- **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, 2021 and 2020

- **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 the years ended December 31, 2021 and 2020, the average wholesale price per pound of food was \$1.74 and \$1.68, respectively.

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 fundraising categories based on direct salaries, full time equivalents, revenue percentages and other methods.

Advertising Expenses

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2021 and 2020, were \$625,742 and \$660,574, respectively, and are included in advertising and list rentals in the accompanying statements of functional expenses.

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*.

Reclassification of Expenses

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. These reclassifications had no impact on change in net assets or net asset classifications.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

Note 2: Investments and Net Investment Return

Investments at December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,745	\$ 4,155
Certificates of deposit	2,040,332	15,000
Fixed income securities	<u>1,045,289</u>	<u>66,101</u>
	<u>\$ 3,090,366</u>	<u>\$ 85,256</u>

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

	<u>2021</u>	<u>2020</u>
Net realized and unrealized gain (loss) on investments reported at fair value	\$ (608)	\$ (404)
Interest and dividends, net of investment expenses	<u>2,680</u>	<u>2,680</u>
	<u>\$ 2,072</u>	<u>\$ 2,276</u>

Note 3: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2021</u>	<u>2020</u>
Land	\$ 657,863	\$ 657,863
Buildings	5,175,495	5,175,495
Building and leasehold improvements	290,006	242,768
Vehicles	1,671,313	1,629,313
Furniture and equipment	<u>2,945,993</u>	<u>2,891,611</u>
	10,740,670	10,597,050
Less accumulated depreciation and amortization	<u>5,882,288</u>	<u>5,404,246</u>
	<u>\$ 4,858,382</u>	<u>\$ 5,192,804</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose, passage of time or both		
Education services	\$ 359,222	\$ 224,170
Healthy living	23,828	20,500
Emergency services	737,113	1,178,908
Animal welfare	9,033	-
Food & water	76,020	-
Other	<u>120,716</u>	<u>152,516</u>
	1,325,932	1,576,094
Subject to PWNA endowment spending policy and appropriation		
Healthy living	<u>66,900</u>	<u>66,325</u>
	<u>\$ 1,392,832</u>	<u>\$ 1,642,419</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>2021</u>	<u>2020</u>
Education services	\$ 199,406	\$ 75,937
Healthy living	31,386	44,694
Emergency services	888,275	1,601,326
Animal welfare	5,427	-
Food & water	148,896	-
Other	<u>41,208</u>	<u>47,665</u>
	<u>\$ 1,314,598</u>	<u>\$ 1,769,622</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 6,991,940	\$ 6,861,716
Contributions receivable	1,000,697	894,063
Short-term investments	<u>3,090,366</u>	<u>85,256</u>
	<u>11,083,003</u>	<u>7,841,035</u>
Donor imposed restrictions		
Deferred revenue	297,579	419,083
Restricted as to use	1,325,932	1,576,094
Perpetual endowments	<u>66,900</u>	<u>66,325</u>
	<u>1,690,411</u>	<u>2,061,502</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 9,392,592</u></u>	<u><u>\$ 5,779,533</u></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, 2021 and 2020, financial assets of \$9,392,592 and \$5,779,533, respectively, were available to meet cash needs for general expenditures within one year.

Contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

PWNA's restricted funds consist of grants, 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. 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 \$1,000,000, which it could draw upon in the event of an unanticipated liquidity need; however, has elected to not draw upon the line. See *Note 10*.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

Note 6: Operating Leases

Noncancelable 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:

2022	\$ 171,080
2023	175,968
2024	197,149
2025	<u>133,605</u>
Total minimum lease payments	<u>\$ 677,802</u>

Rent expense for 2021 and 2020, was approximately \$213,000 and \$195,000, respectively.

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 \$83,867 and \$79,015, for 2021 and 2020, 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 \$3,790,198 and \$4,232,960, in 2021 and 2020, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2021</u>	<u>2020</u>
Fundraising	\$ 2,314,684	\$ 2,666,623
Northern Plains Reservation Aid	368,385	467,602
Southwest Reservation Aid	1,073,091	1,044,989
Long-Term Solutions	<u>34,038</u>	<u>53,746</u>
	<u>\$ 3,790,198</u>	<u>\$ 4,232,960</u>

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Notes to Financial Statements
December 31, 2021 and 2020

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
- 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
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

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, 2021 and 2020:

	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, 2021				
Certificates of deposit	\$ 2,040,332	\$ 2,040,332	\$ -	\$ -
Fixed income securities	1,045,289	1,045,289	-	-
Total investments included in fair value table	<u>\$ 3,085,621</u>	<u>\$ 3,085,621</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2020				
Certificates of deposit	\$ 15,000	\$ 15,000	\$ -	\$ -
Fixed income securities	66,101	66,101	-	-
Total investments included in fair value table	<u>\$ 81,101</u>	<u>\$ 81,101</u>	<u>\$ -</u>	<u>\$ -</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

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 years ended December 31, 2021 and 2020.

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 2020, PWNA entered into a \$1,000,000 revolving line of credit agreement which expired July 17, 2021. At December 31, 2020 there was no outstanding borrowing against this line. The line was collateralized by substantially all of PWNA's assets. Interest rate varies with the bank's prime rate plus three percent, which approximated 4.58 percent at December 31, 2020.

In August 2021, PWNA entered into a \$1,000,000 revolving line of credit agreement which expires August 5, 2022. At December 31, 2021 there was no outstanding borrowing against this line. The line was collateralized by substantially all of PWNA's assets. Interest rate varies with the bank's prime rate plus three percent, which approximated 4.91 percent at December 31, 2021.

Note 11: CARES Act

PWNA received a first Payroll Protection Program (PPP) loan established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in April 2020 totaling \$679,620, which was subject to forgiveness if certain conditions were satisfied. PWNA elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full-time equivalent employee and salary reduction requirements and incurring eligible expenditures. During 2021, PWNA received notification that the PPP loan had been forgiven and recognized contribution revenue in the accompanying statement of activities for the year ended December 31, 2021.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2021 and 2020

Note 12: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board (FASB) amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating, or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. PWNA is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Presentation and Disclosure for Contributed Nonfinancial Assets

On September 17, 2020, the FASB issued Accounting Standards Update 2020-07, *Topic 958: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The standard requires contributed nonfinancial assets to be presented on a separate line item in the statement of activities, segregated apart from contributions of cash and other financial assets. Additionally, disclosure requirements have been amended to require a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, as well as specific disclosure requirements for each category recognized. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.

Note 13: Subsequent Event

Subsequent events have been evaluated through May 23, 2022, which is the date the financial statements were available to be issued.

Supplementary Information

Partnership With Native Americans
Schedule of Changes in Net Assets
Year Ended December 31, 2021

	Other Without Donor Restriction	In-kind Without Donor Restriction	Total Without Donor Restriction	With Donor Restriction	Total
Revenues and Support					
Direct contributions	\$ 16,364,554	\$ -	\$ 16,364,554	\$ 1,065,011	\$ 17,429,565
In-kind donations	-	12,211,921	12,211,921	-	12,211,921
Other income	153,541	-	153,541	-	153,541
Gain on sale of asset	16,050	-	16,050	-	16,050
Net assets released from restrictions	<u>1,314,598</u>	<u>-</u>	<u>1,314,598</u>	<u>(1,314,598)</u>	<u>-</u>
Total revenues and support	<u>17,848,743</u>	<u>12,211,921</u>	<u>30,060,664</u>	<u>(249,587)</u>	<u>29,811,077</u>
Expenses					
Program services					
Northern Plains Reservation Aid	5,284,944	4,814,019	10,098,963	-	10,098,963
Southwest Reservation Aid	8,445,478	5,236,979	13,682,457	-	13,682,457
Long-Term Solutions	<u>958,782</u>	<u>-</u>	<u>958,782</u>	<u>-</u>	<u>958,782</u>
Total program services	<u>14,689,204</u>	<u>10,050,998</u>	<u>24,740,202</u>	<u>-</u>	<u>24,740,202</u>
Supporting services					
Management and general	1,808,949	-	1,808,949	-	1,808,949
Fundraising	<u>6,918,677</u>	<u>14,669</u>	<u>6,933,346</u>	<u>-</u>	<u>6,933,346</u>
Total supporting services	<u>8,727,626</u>	<u>14,669</u>	<u>8,742,295</u>	<u>-</u>	<u>8,742,295</u>
Total expenses	<u>23,416,830</u>	<u>10,065,667</u>	<u>33,482,497</u>	<u>-</u>	<u>33,482,497</u>
Change in Net Assets	<u><u>\$ (5,568,087)</u></u>	<u><u>\$ 2,146,254</u></u>	<u><u>\$ (3,421,833)</u></u>	<u><u>\$ (249,587)</u></u>	<u><u>\$ (3,671,420)</u></u>

Partnership With Native Americans
Schedule of Changes in Net Assets
Year Ended December 31, 2020

	Other Without Donor Restriction	In-kind Without Donor Restriction	Total Without Donor Restriction	With Donor Restriction	Total
Revenues and Support					
Direct contributions	\$ 14,843,919	\$ -	\$ 14,843,919	\$ 2,686,668	\$ 17,530,587
In-kind donations	-	28,359,572	28,359,572	-	28,359,572
Other income	208,610	-	208,610	-	208,610
Gain on sale of asset	21,200	-	21,200	-	21,200
Net assets released from restrictions	1,769,622	-	1,769,622	(1,769,622)	-
	<u>16,843,351</u>	<u>28,359,572</u>	<u>45,202,923</u>	<u>917,046</u>	<u>46,119,969</u>
Total revenues and support					
Expenses					
Program services					
Northern Plains Reservation Aid	3,483,972	5,410,931	8,894,903	-	8,894,903
Southwest Reservation Aid	5,794,253	3,756,192	9,550,445	-	9,550,445
Long-Term Solutions	1,226,769	-	1,226,769	-	1,226,769
	<u>10,504,994</u>	<u>9,167,123</u>	<u>19,672,117</u>	<u>-</u>	<u>19,672,117</u>
Total program services					
Supporting services					
Management and general	1,753,033	-	1,753,033	-	1,753,033
Fundraising	6,757,782	114	6,757,896	-	6,757,896
	<u>8,510,815</u>	<u>114</u>	<u>8,510,929</u>	<u>-</u>	<u>8,510,929</u>
Total supporting services					
Total expenses	<u>19,015,809</u>	<u>9,167,237</u>	<u>28,183,046</u>	<u>-</u>	<u>28,183,046</u>
Change in Net Assets	<u>\$ (2,172,458)</u>	<u>\$ 19,192,335</u>	<u>\$ 17,019,877</u>	<u>\$ 917,046</u>	<u>\$ 17,936,923</u>