

Partnership With Native Americans

Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021



Partnership With Native Americans

December 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Partnership With Native Americans
Addison, Texas

Opinion

We have audited the financial statements of Partnership With Native Americans (PWNA), which comprise the statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of Matter

As described in *Note 1* to the financial statements, in 2022, PWNA adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* and ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to these matters.

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 PWNA'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 PWNA'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.

FORVIS, LLP

**Dallas, Texas
May 26, 2023**

Partnership With Native Americans
Statements of Financial Position
December 31, 2022 and 2021

Assets

	2022	2021
Current Assets		
Cash and cash equivalents	\$ 8,487,372	\$ 6,991,940
Contributions receivable	549,307	1,000,697
Inventories	12,296,124	15,715,594
Short-term investments	3,125,113	3,090,366
Prepaid expenses and other assets	315,597	297,930
Total current assets	24,773,513	27,096,527
Right of use asset - operating lease	380,008	-
Right of use asset - financing lease	42,128	-
Property and equipment, net	4,733,236	4,858,382
Total assets	\$ 29,928,885	\$ 31,954,909

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 146,760	\$ 228,750
Accrued liabilities	319,388	441,928
Operating lease liability	156,647	-
Financing lease liability	11,579	-
Deferred revenue	1,073,751	297,579
Total current liabilities	1,708,125	968,257
Operating lease liability, long-term	316,876	-
Financing lease liability, long-term	31,558	-
Total liabilities	2,056,559	968,257
Net Assets		
Net assets without donor restriction	27,036,603	29,593,820
Net assets with donor restriction	835,723	1,392,832
Total net assets	27,872,326	30,986,652
Total liabilities and net assets	\$ 29,928,885	\$ 31,954,909

Partnership With Native Americans
Statements of Activities
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets Without Donor Restriction		
Unrestricted revenues, gains and other support		
Contributions of financial assets	\$ 13,220,366	\$ 16,364,554
Contributions of nonfinancial assets	11,269,084	12,211,921
Other income	296,103	153,541
Gain on sale of asset	22,700	16,050
Net assets released from restrictions	<u>1,645,187</u>	<u>1,314,598</u>
Total revenue and support	<u>26,453,440</u>	<u>30,060,664</u>
Expenses and Losses		
Program services		
Northern Plains Reservation Aid	9,455,974	10,098,963
Southwest Reservation Aid	9,220,899	13,682,457
Long-Term Solutions	<u>1,593,115</u>	<u>958,782</u>
Total program services	<u>20,269,988</u>	<u>24,740,202</u>
Supporting services		
Management and general	1,903,364	1,808,949
Fundraising	<u>6,837,305</u>	<u>6,933,346</u>
Total supporting services	<u>8,740,669</u>	<u>8,742,295</u>
Total expenses	<u>29,010,657</u>	<u>33,482,497</u>
Decrease in net assets without donor restriction	<u>(2,557,217)</u>	<u>(3,421,833)</u>
Changes in Net Assets With Donor Restriction		
Direct contributions	1,088,078	1,065,011
Net assets released from restrictions	<u>(1,645,187)</u>	<u>(1,314,598)</u>
Decrease in net assets with donor restriction	<u>(557,109)</u>	<u>(249,587)</u>
Change in Net Assets	(3,114,326)	(3,671,420)
Net Assets, Beginning of Year	<u>30,986,652</u>	<u>34,658,072</u>
Net Assets, End of Year	<u>\$ 27,872,326</u>	<u>\$ 30,986,652</u>

Partnership With Native Americans
Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Program Services</u>				<u>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>	<u>Total Supporting Services</u>	
Cost of goods distributed	\$ 8,027,402	\$ 6,542,425	\$ 127,403	\$ 14,697,230	\$ -	\$ -	\$ -	\$ 14,697,230
Grants	64,445	71,050	294,650	430,145	-	-	-	430,145
Advertising	-	-	-	-	-	778,773	778,773	778,773
Mailing and shipping	547,928	1,479,225	50,341	2,077,494	1,539	1,014,967	1,016,506	3,094,000
Meetings and travel	208	5,498	203,288	208,994	33,691	28,533	62,224	271,218
Office supplies	16,481	22,946	99,753	139,180	17,414	18,540	35,954	175,134
Payroll and benefits	462,842	701,378	434,071	1,598,291	1,336,347	1,500,907	2,837,254	4,435,545
Publications and Printing	1,163	1,259	809	3,231	46,478	1,403,525	1,450,003	1,453,234
Professional fees	5,775	16,650	223,769	246,194	253,532	868,245	1,121,777	1,367,971
Rent and utilities	19,304	33,124	10,978	63,406	73,159	119,947	193,106	256,512
Computers and technology	34,255	40,575	28,411	103,241	100,527	201,208	301,735	404,976
Repairs and maintenance	37,518	53,516	8,913	99,947	1,391	5,995	7,386	107,333
Credit card processing and fees	-	-	-	-	9,509	155,987	165,496	165,496
Miscellaneous	518	3,677	22,882	27,077	-	384	384	27,461
Depreciation and amortization	114,191	135,471	59,695	309,357	14,203	235,868	250,071	559,428
Corporate insurance	51,912	60,437	26,499	138,848	13,630	25,207	38,837	177,685
Dues and fees	71,465	53,065	1,653	126,183	1,473	478,444	479,917	606,100
Interest	567	603	-	1,170	471	775	1,246	2,416
Total	<u>\$ 9,455,974</u>	<u>\$ 9,220,899</u>	<u>\$ 1,593,115</u>	<u>\$ 20,269,988</u>	<u>\$ 1,903,364</u>	<u>\$ 6,837,305</u>	<u>\$ 8,740,669</u>	<u>\$ 29,010,657</u>

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
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (3,114,326)	\$ (3,671,420)
Items not requiring (providing) operating cash		
Depreciation	547,394	598,294
Amortization	12,034	-
Gain on sale of property and equipment	(22,700)	(16,050)
Net realized and unrealized loss on investments	170	608
Noncash operating lease expense	127,998	-
Forgiveness of Paycheck Protection Program Loan	-	(679,620)
Changes in		
Contributions receivable	451,390	(106,634)
Inventories	3,419,470	7,330,073
Prepaid expenses and other assets	(17,667)	15,101
Accounts payable and accrued liabilities	(94,227)	34,916
Deferred revenue	776,172	(121,504)
Operating lease liability	<u>(144,786)</u>	<u>-</u>
Net cash provided by operating activities	<u>1,940,922</u>	<u>3,383,764</u>
Investing Activities		
Proceeds from sale of investments	6,758,939	-
Proceeds from sale of property and equipment	22,700	16,050
Purchases of property and equipment	(422,248)	(263,872)
Purchases of investments	<u>(6,793,856)</u>	<u>(3,005,718)</u>
Net cash used in investing activities	<u>(434,465)</u>	<u>(3,253,540)</u>
Financing Activities		
Principal payments on financing lease liabilities	<u>(11,025)</u>	<u>-</u>
Net cash used in financing activities	<u>(11,025)</u>	<u>-</u>
Increase in Cash and Cash Equivalents	1,495,432	130,224
Cash and Cash Equivalents, Beginning of Year	<u>6,991,940</u>	<u>6,861,716</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,487,372</u>	<u>\$ 6,991,940</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 2,415	\$ -
ROU asset obtained in exchange of new operating lease liabilities	\$ 508,006	\$ -
ROU asset obtained in exchange of new financing lease liabilities	\$ 54,162	\$ -

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021

Cash and Cash Equivalents

PWNA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, 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, 2022, PWNA's cash accounts exceeded federally insured limits by \$8,080,353 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, 2022 and 2021.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021, 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.

In addition to receiving contributed financial assets, PWNA receives contributed nonfinancial assets. See *Note 4*.

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, 2022 and 2021, \$1,073,751 and \$297,579 in conditional gifts is recorded as deferred revenue and is expected to be recognized within the next year.

Additionally, at December 31, 2022 and 2021, PWNA had received \$430,000 and \$300,000, respectively, in conditional contributions not recognized in the accompanying financial statements. These contributions will be recognized upon satisfying barriers outlined within the corresponding agreements.

Inventory

Inventories consist of donated and purchased supplies and are usually acquired through major retailer and not-for-profit organizations donations. See *Note 4*. Purchased inventories are stated at the lower of cost or net realizable value.

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.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

Advertising Expenses

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2022 and 2021, were \$778,773 and \$625,742, 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 2021 financial statements to conform to the 2022 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.

Change in Accounting Principles

In 2022, PWNA adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07) on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets. See *Note 4*.

In 2022, PWNA also adopted ASU 2016-02, *Leases (Topic 842)*. See *Note 8*.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

Note 2: Investments and Net Investment Return

Investments at December 31 consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 537,537	\$ 4,745
Certificates of deposit	15,000	2,040,332
Equities	2,561,391	-
Fixed income securities	11,185	1,045,289
	<u>\$ 3,125,113</u>	<u>\$ 3,090,366</u>

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

	<u>2022</u>	<u>2021</u>
Net realized and unrealized loss on investments reported at fair value	\$ (170)	\$ (608)
Interest and dividends, net of investment expenses	24,857	2,680
	<u>\$ 24,687</u>	<u>\$ 2,072</u>

Note 3: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2022</u>	<u>2021</u>
Land	\$ 657,863	\$ 657,863
Buildings	5,161,554	5,175,495
Building and leasehold improvements	421,211	290,006
Vehicles	1,793,988	1,671,313
Furniture and equipment	2,997,529	2,945,993
	11,032,145	10,740,670
Less accumulated depreciation and amortization	6,298,909	5,882,288
	<u>\$ 4,733,236</u>	<u>\$ 4,858,382</u>

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

Note 4: Contributed Nonfinancial Assets

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2022</u>	<u>2021</u>
Inventory for distribution		
Health items	\$ 5,438,475	\$ 5,759,677
Household items	3,222,058	2,710,273
Food items	1,230,758	1,401,707
Other	599,020	1,732,629
Advertising	<u>778,773</u>	<u>607,635</u>
	<u>\$ 11,269,084</u>	<u>\$ 12,211,921</u>

Donated inventory for distribution is primarily comprised of health items (face masks, soap, toiletries, etc.), household items (clothing, cleaning supplies, etc.), food items, and other (educational products, pet food, recreation items, etc.). It is PWNA's policy 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. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Donated inventory for distribution, other than feed, 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 inventory for distribution is valued 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, 2022 and 2021, the average wholesale price per pound of food was \$1.86 and \$1.74, respectively.

Approximately 86% and 72% of all contributed nonfinancial assets were received from three donors in 2022 and 2021, respectively.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

Note 5: 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>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose, passage of time or both		
Education services	\$ 380,230	\$ 359,222
Healthy living	3,998	23,828
Emergency services	310,562	737,113
Animal welfare	3,920	9,033
Food & water	47,854	76,020
Other	<u>22,259</u>	<u>120,716</u>
	768,823	1,325,932
Subject to PWNA endowment spending policy and appropriation		
Healthy living	<u>66,900</u>	<u>66,900</u>
	<u>\$ 835,723</u>	<u>\$ 1,392,832</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>2022</u>	<u>2021</u>
Education services	\$ 483,220	\$ 199,406
Healthy living	56,761	31,386
Emergency services	826,993	888,275
Animal welfare	19,033	5,427
Food & water	182,054	148,896
Other	<u>77,126</u>	<u>41,208</u>
	<u>\$ 1,645,187</u>	<u>\$ 1,314,598</u>

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Notes to Financial Statements
December 31, 2022 and 2021

Note 6: 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, 2022 and 2021, comprise the following:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 8,487,372	\$ 6,991,940
Contributions receivable	549,307	1,000,697
Short-term investments	3,125,113	3,090,366
	12,161,792	11,083,003
Donor imposed restrictions		
Deferred revenue	1,073,751	297,579
Restricted as to use	768,823	1,325,932
Perpetual endowments	66,900	66,900
	1,909,474	1,690,411
Financial assets available to meet cash needs for general expenditure within one year	\$ 10,252,318	\$ 9,392,592

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, 2022 and 2021, financial assets of \$10,252,318 and \$9,392,592, 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 12*.

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Notes to Financial Statements

December 31, 2022 and 2021

Note 7: 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 at December 31, 2022 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 was approximately \$213,000.

Note 8: Leases

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented, or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

PWNA adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. PWNA elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. PWNA has lease agreements with nonlease components that relate to the lease components. PWNA did not elect the practical expedient to account for nonlease components, and the lease components to which they relate as a single lease component for all. Also, PWNA elected to keep short-term leases with an initial term of 12 months or less off the statements of financial position. PWNA did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

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Notes to Financial Statements

December 31, 2022 and 2021

The most significant impact of adoption was the recognition of gross operating lease ROU assets and operating lease liabilities of \$508,006 and \$618,309 respectively, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent were reclassified as a component of the ROU assets. The standard did not significantly affect the cash flows.

The cumulative effect of the changes made to PWNA's statements of financial position:

	December 31 2021 As Reported	Adjustment on January 1 2022	January 1 2022 As Adjusted
Assets			
Right of use asset - operating lease ^(A)	\$ -	\$ 380,008	\$ 380,008
Liabilities			
Operating lease liability, current ^(B)	-	156,647	156,647
Operating lease liability, long-term ^(B)	-	316,876	316,876

(A) The adjustment represents the capitalization of right of use assets - operating lease.

(A) The adjustment represents recognition of operating lease liabilities.

Accounting Policies

PWNA determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. PWNA determines lease classification as operating or finance at the lease commencement date.

PWNA separates the lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office building. At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. PWNA uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, PWNA uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. Incremental borrowing rates used to determine the present value of lease payments were derived by reference to PWNA's line-of-credit line corresponding to the lease commencement date.

The lease term may include options to extend or to terminate the lease that PWNA is reasonably certain to exercise. However, at December 31, 2022, PWNA did not include the extended terms as it is not reasonably certain to exercise the options. Lease expense is generally recognized on a straight-line basis over the lease term.

Leases agreements with total payments over the term in excess of \$5,000 are capitalized.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

Nature of Leases

PWNA has entered into the following lease arrangements:

Finance Lease

This lease mainly consists of equipment for the use of PWNA. Termination of the lease generally is prohibited unless there is a violation under the lease agreement.

Operating Lease

PWNA has an office space. The initial lease term began in November 2015 with original lease term of 64 months. The lease was renewed in July 2020 for 62 months with lease term end date in August 31, 2025, and automatic month to month renewals until the lease agreement is terminated or extended. The remaining lease term from initial lease adoption date was 44 months.

PWNA has no material related party leases.

PWNA's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the year ended 2022 December 31, 2022:

	2022
Lease cost	
Finance lease cost	
Amortization of right-of-use asset	\$ 12,034
Interest on lease liabilities	2,415
Operating lease cost	155,100
Total lease cost	\$ 169,549

Partnership With Native Americans
Notes to Financial Statements
December 31, 2022 and 2021

	2022
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance lease	\$ 11,025
Financing cash flows from finance lease	2,415
Operating cash flows from operating lease	167,443
Remaining lease term	
Finance lease	3.50 years
Operating lease	2.75 years
Discount rate used	
Finance lease	4.913%
Operating lease	4.913%

Future minimum lease payments and reconciliation to the statements of financial position at December 31, 2022, is as follows:

	Finance Lease	Operating Lease
2023	\$ 13,440	\$ 176,375
2024	13,440	197,149
2025	13,440	133,605
2026	6,720	-
Total future undiscounted lease payments	47,040	507,129
Less imputed interest	3,903	33,606
Lease liabilities	\$ 43,137	\$ 473,523

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

Note 9: 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 \$120,337 and \$83,867, for 2022 and 2021, 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 \$3,726,601 and \$3,790,198, in 2022 and 2021, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2022</u>	<u>2021</u>
Fundraising	\$ 2,062,583	\$ 2,314,684
Northern Plains Reservation Aid	386,489	368,385
Southwest Reservation Aid	1,237,889	1,073,091
Long-Term Solutions	<u>39,640</u>	<u>34,038</u>
	<u>\$ 3,726,601</u>	<u>\$ 3,790,198</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
- 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

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021:

	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, 2022				
Certificates of deposit	\$ 15,000	\$ 15,000	\$ -	\$ -
Equities	2,561,391	2,561,391	-	-
Fixed income securities	11,185	11,185	-	-
Total investments included in fair value table	<u>\$ 2,587,576</u>	<u>\$ 2,587,576</u>	<u>\$ -</u>	<u>\$ -</u>

	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>

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, 2022 and 2021.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. PWNA did not have any investments that are classified as Level 3.

Partnership With Native Americans

Notes to Financial Statements

December 31, 2022 and 2021

Note 12: Line of Credit

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.

In August 2022, PWNA entered into a \$1,000,000 revolving line of credit agreement which expires August 24, 2023. At December 31, 2022, 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 5.49 percent at December 31, 2022.

Note 13: 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.

Note 14: Subsequent Event

Subsequent events have been evaluated through May 26, 2023, 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, 2022

	Other Without Donor Restriction	In-kind Without Donor Restriction	Total Without Donor Restriction	With Donor Restriction	Total
Revenues and Support					
Contributions of financial assets	\$ 13,220,366	\$ -	\$ 13,220,366	\$ 1,088,078	\$ 14,308,444
Contributions of nonfinancial assets	-	11,269,084	11,269,084	-	11,269,084
Other income	296,103	-	296,103	-	296,103
Gain on sale of asset	22,700	-	22,700	-	22,700
Net assets released from restrictions	1,645,187	-	1,645,187	(1,645,187)	-
	<u>15,184,356</u>	<u>11,269,084</u>	<u>26,453,440</u>	<u>(557,109)</u>	<u>25,896,331</u>
Expenses					
Program services					
Northern Plains Reservation Aid	3,324,945	6,131,029	9,455,974	-	9,455,974
Southwest Reservation Aid	3,795,682	5,425,217	9,220,899	-	9,220,899
Long-Term Solutions	1,593,115	-	1,593,115	-	1,593,115
	<u>8,713,742</u>	<u>11,556,246</u>	<u>20,269,988</u>	<u>-</u>	<u>20,269,988</u>
Supporting services					
Management and general	1,903,364	-	1,903,364	-	1,903,364
Fundraising	6,836,823	482	6,837,305	-	6,837,305
	<u>8,740,187</u>	<u>482</u>	<u>8,740,669</u>	<u>-</u>	<u>8,740,669</u>
Total expenses	<u>17,453,929</u>	<u>11,556,728</u>	<u>29,010,657</u>	<u>-</u>	<u>29,010,657</u>
Change in Net Assets	<u>\$ (2,269,573)</u>	<u>\$ (287,644)</u>	<u>\$ (2,557,217)</u>	<u>\$ (557,109)</u>	<u>\$ (3,114,326)</u>

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					
Contributions of financial assets	\$ 16,364,554	\$ -	\$ 16,364,554	\$ 1,065,011	\$ 17,429,565
Contributions of nonfinancial assets	-	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	1,314,598	-	1,314,598	(1,314,598)	-
	<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	958,782	-	958,782	-	958,782
	<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	6,918,677	14,669	6,933,346	-	6,933,346
	<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>\$ (5,568,087)</u>	<u>\$ 2,146,254</u>	<u>\$ (3,421,833)</u>	<u>\$ (249,587)</u>	<u>\$ (3,671,420)</u>