

# **Partnership With Native Americans**

Independent Auditor's Report and Financial Statements

December 31, 2016 and 2015



# Partnership With Native Americans

## December 31, 2016 and 2015

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## Independent Auditor's Report

Board of Directors  
Partnership With Native Americans  
Addison, Texas

We have audited the accompanying financial statements of Partnership With Native Americans (PWNA), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PWNA as of December 31, 2016, and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Change in Net Assets listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**BKD, LLP**

Dallas, Texas  
May 22, 2017

**Partnership With Native Americans**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

**Assets**

	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,400,512	\$ 3,564,341
Bequests receivable	131,299	30,000
Accounts receivable	619,390	681,321
Inventories	8,046,493	7,902,173
Short-term investments	3,537,325	3,686,767
Asset held for sale	-	750,000
Prepaid expenses and other assets	<u>310,191</u>	<u>257,353</u>
Total current assets	14,045,210	16,871,955
Property and equipment, net	<u>6,195,371</u>	<u>6,311,562</u>
Total assets	<u>\$ 20,240,581</u>	<u>\$ 23,183,517</u>

**Liabilities and Net Assets**

<b>Current Liabilities</b>		
Accounts payable	\$ 540,587	\$ 921,505
Accrued liabilities	<u>347,345</u>	<u>372,586</u>
Total current liabilities	887,932	1,294,091
Annuities payable	<u>16,660</u>	<u>20,545</u>
Total liabilities	<u>904,592</u>	<u>1,314,636</u>
<b>Net Assets</b>		
Unrestricted	19,056,561	21,684,445
Temporarily restricted	213,103	118,571
Permanently restricted	<u>66,325</u>	<u>65,865</u>
Total net assets	<u>19,335,989</u>	<u>21,868,881</u>
Total liabilities and net assets	<u>\$ 20,240,581</u>	<u>\$ 23,183,517</u>

**Partnership With Native Americans**  
**Statements of Activities**  
**December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Changes in Unrestricted Net Assets</b>		
Unrestricted revenues, gains and other support		
Direct contributions	\$ 21,746,809	\$ 21,677,561
In-kind donations	22,074,599	23,093,702
Other income	717,555	881,257
Gain on sale of asset	26,000	69,353
Net assets released from restrictions	<u>75,215</u>	<u>298,298</u>
Total revenue and support	<u>44,640,178</u>	<u>46,020,171</u>
<b>Expenses and Losses</b>		
Program services		
Plains Indian Services	15,262,663	16,469,390
Southwest Indian Services	16,444,792	12,586,798
American Indian Education Foundation	1,909,249	1,438,399
Other programs	<u>375,939</u>	<u>388,130</u>
Total program services	<u>33,992,643</u>	<u>30,882,717</u>
Supporting services		
Management and general	2,045,774	1,820,539
Fundraising	<u>11,229,645</u>	<u>10,657,345</u>
Total supporting services	<u>13,275,419</u>	<u>12,477,884</u>
Total expenses	<u>47,268,062</u>	<u>43,360,601</u>
Increase (decrease) in unrestricted net assets	<u>(2,627,884)</u>	<u>2,659,570</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Direct contributions	169,747	100,146
Net assets released from restrictions	<u>(75,215)</u>	<u>(298,298)</u>
Increase (decrease) in temporarily restricted net assets	<u>94,532</u>	<u>(198,152)</u>
<b>Permanently Restricted Net Assets</b>		
Direct contributions	<u>460</u>	<u>750</u>
Increase in permanently restricted net assets	<u>460</u>	<u>750</u>
<b>Change in Net Assets</b>	(2,532,892)	2,462,168
<b>Net Assets, Beginning of Year</b>	<u>21,868,881</u>	<u>19,406,713</u>
<b>Net Assets, End of Year</b>	<u>\$ 19,335,989</u>	<u>\$ 21,868,881</u>

See Notes to Financial Statements

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

	2016									
	Program Services					Supporting Services				
	Plains Indian Services	Southwest Indian Services	American Indian Education Foundation	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	
Cost of goods distributed	\$ 10,518,064	\$ 12,083,957	\$ -	\$ -	\$ 22,602,021	\$ -	\$ -	\$ -	\$ 22,602,021	
Grants	10,000	10,000	577,955	-	597,955	-	-	-	597,955	
Advertising and list rentals	1,358	1,061	5,165	17,028	24,612	-	1,288,118	1,288,118	1,312,730	
Mailing and shipping	3,422,178	3,029,718	578,981	390	7,031,267	44,361	868,159	912,520	7,943,787	
Meetings and travel	37,346	48,811	170,199	5,939	262,295	134,725	151,072	285,797	548,092	
Office supplies	156,963	64,008	118,527	395	339,893	27,590	73,185	100,775	440,668	
Payroll and benefits	712,803	781,682	308,392	93,296	1,896,173	1,238,210	2,720,654	3,958,864	5,855,037	
Printing	1,703	2,060	4,235	-	7,998	556	3,948,500	3,949,056	3,957,054	
Professional fees	12,116	29,170	50,955	241,839	334,080	384,161	1,024,805	1,408,966	1,743,046	
Rent and utilities	97,994	90,113	19,261	5,976	213,344	136,114	608,497	744,611	957,955	
Computers and technology	34,214	30,969	14,236	1,658	81,077	18,368	41,332	59,700	140,777	
Repairs and maintenance	61,374	63,536	786	-	125,696	3,738	9,377	13,115	138,811	
Credit card processing and fees	-	-	-	-	-	15,199	189,882	205,081	205,081	
Miscellaneous	16,328	20,162	20,167	54	56,711	11,496	37,667	49,163	105,874	
Depreciation	97,813	102,044	35,770	2,687	238,314	11,592	158,090	169,682	407,996	
Corporate insurance	73,282	72,869	4,177	-	150,328	9,809	59,709	69,518	219,846	
Dues and fees	9,127	14,632	443	6,677	30,879	9,855	50,598	60,453	91,332	
<b>Total</b>	<b>\$ 15,262,663</b>	<b>\$ 16,444,792</b>	<b>\$ 1,909,249</b>	<b>\$ 375,939</b>	<b>\$ 33,992,643</b>	<b>\$ 2,045,774</b>	<b>\$ 11,229,645</b>	<b>\$ 13,275,419</b>	<b>\$ 47,268,062</b>	

**Partnership With Native Americans**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2015**

	2015								
	Program Services					Supporting Services			
	Plains Indian Services	Southwest Indian Services	American Indian Education Foundation	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Cost of goods distributed	\$ 11,837,489	\$ 8,756,378	\$ -	\$ -	\$ 20,593,867	\$ -	\$ -	\$ -	\$ 20,593,867
Grants	-	5,500	455,619	-	461,119	500	-	500	461,619
Advertising and list rentals	4,480	11,113	5,355	9,231	30,179	-	1,093,715	1,093,715	1,123,894
Mailing and shipping	3,229,339	2,551,139	443,867	68	6,224,413	13,819	1,303,987	1,317,806	7,542,219
Meetings and travel	17,564	26,403	107,129	4,837	155,933	126,415	105,831	232,246	388,179
Office supplies	208,496	45,099	16,475	1,255	271,325	43,688	104,301	147,989	419,314
Payroll and benefits	811,889	735,895	274,303	89,299	1,911,386	925,001	2,923,783	3,848,784	5,760,170
Printing	207	1,941	728	2,090	4,966	5,984	3,080,640	3,086,624	3,091,590
Professional fees	15,283	21,453	37,112	272,525	346,373	361,820	607,784	969,604	1,315,977
Rent and utilities	48,876	42,492	69	23	91,460	84,990	412,571	497,561	589,021
Computers and technology	28,681	67,779	16,342	617	113,419	105,041	488,768	593,809	707,228
Repairs and maintenance	70,205	84,448	1,862	154	156,669	9,853	20,628	30,481	187,150
Credit card processing and fees	4	-	-	-	4	3,373	178,590	181,963	181,967
Miscellaneous	10,337	23,974	69,792	1,144	105,247	11,123	57,774	68,897	174,144
Depreciation	104,712	101,246	4,368	4,344	214,670	11,201	174,668	185,869	400,539
Corporate insurance	68,838	68,838	4,433	-	142,109	12,252	51,019	63,271	205,380
Dues and fees	12,990	14,254	945	2,543	30,732	12,083	53,286	65,369	96,101
Interest	-	28,846	-	-	28,846	-	-	-	28,846
Impairment Loss	-	-	-	-	-	93,396	-	93,396	93,396
<b>Total</b>	<b>\$ 16,469,390</b>	<b>\$ 12,586,798</b>	<b>\$ 1,438,399</b>	<b>\$ 388,130</b>	<b>\$ 30,882,717</b>	<b>\$ 1,820,539</b>	<b>\$ 10,657,345</b>	<b>\$ 12,477,884</b>	<b>\$ 43,360,601</b>



**Partnership With Native Americans**  
**Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Activities</b>		
Change in net assets	\$ (2,532,892)	\$ 2,462,168
Items not requiring (providing) operating cash		
Depreciation	407,996	400,539
Gain on sale of property and equipment	(26,000)	(69,353)
Net realized and unrealized (gain) loss on investments	(70,223)	36,939
Contributions restricted for long-term investment	(460)	(750)
Impairment loss	-	93,396
Changes in		
Accounts/bequests receivable	(39,368)	(682,194)
Accounts payable and accrued expenses	(406,159)	547,228
Annuities payable	(3,885)	2,120
Inventories	(144,320)	(3,044,966)
Other current assets and liabilities	(52,838)	87,563
	<u>(2,868,149)</u>	<u>(167,310)</u>
<b>Investing Activities</b>		
Net proceeds from sale of investments	3,401,480	2,739
Proceeds from sale of property and equipment	776,000	148,295
Purchases of property and equipment	(291,805)	(456,480)
Purchases of investments	(3,181,815)	(1,028,589)
	<u>703,860</u>	<u>(1,334,035)</u>
<b>Financing Activities</b>		
Proceeds from contributions restricted for long-term investment	460	750
Principal payments on long-term debt	-	(819,747)
	<u>460</u>	<u>(818,997)</u>
<b>Decrease in Cash and Cash Equivalents</b>	(2,163,829)	(2,320,342)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,564,341</u>	<u>5,884,683</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,400,512</u>	<u>\$ 3,564,341</u>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ -	\$ 28,846

# Partnership With Native Americans

## Notes to Financial Statements

December 31, 2016 and 2015

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### *Nature of Operations*

Partnership With Native Americans (PWNA) is a 501(c) 3 nonprofit committed to championing hope for a brighter future for Native Americans living on remote, geographically isolated and impoverished reservations. Collaborating with 1,000+ reservation partners, PWNA provides immediate relief and supports long-term solutions for strong, self-sufficient Native American communities.

PWNA believes that Native American peoples have the power within themselves to build strong communities. The tribal community members who PWNA partners with know the challenges that exist and are finding solutions to them. PWNA is a consistent, reliable resource to lift up their efforts to provide hope and support for their success today and tomorrow. Using a dual approach, PWNA responds to immediate needs in tribal communities by providing food, water and other critical materials, and supports community-led projects that sustainably address the core symptoms of poverty and contribute to self-sufficiency.

PWNA cares about quality of life for Native Americans and respects their self-determined goals for their tribes. Working year-round through their reservation partnerships; distribution network; and passionate staff, Board members and volunteers, PWNA benefits 250,000 Native Americans each year.

First incorporated as National Relief Charities in North Carolina in 1990, PWNA's mission and principal activities are:

- a) to focus public attention upon the challenges, needs, concerns and conditions of Native Americans;
- b) to provide goods, equipment, services and funds to relieve the challenges and meet the needs of Native Americans living on impoverished reservations, to make gifts and grants for such purposes to other charitable and educational organizations, and to assist governmental and administrative bodies in alleviating the problems and conditions of Native Americans; and
- c) to focus public attention upon the needs of animals living on reservations in the Plains and Southwest and provide goods, equipment, services and funds to support the alleviation of their suffering.

PWNA, formerly National Relief Charities, officially changed its name with the Internal Revenue Service and incorporated in the State of Texas, on January 28, 2015.

#### *Cash and Cash Equivalents*

PWNA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2016 and 2015, cash equivalents consisted primarily of money market accounts with brokers.

# Partnership With Native Americans

## Notes to Financial Statements

December 31, 2016 and 2015

PWNA maintains its cash and cash equivalents with what it considers to be quality financial institutions. At December 31, 2016, PWNA's cash accounts exceeded federally insured limits by approximately \$1,070,000, which may constitute a credit risk.

### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

### ***Foreign Currency Transactions***

Assets and liabilities of operations that transact in a local currency environment, where that local currency is the functional currency, are translated to U.S. dollars at exchange rates in effect at the statement of financial position date, with the resulting translation adjustments included in Other Income. Income and expense accounts are translated at average exchange rates during the year. Re-measurement adjustments are also recorded in Other Income.

### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	39 years
Building - improvements and leasehold improvements	3 – 39 years
Furniture and equipment	3 – 7 years
Vehicles	5 years

### ***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.

# Partnership With Native Americans

## Notes to Financial Statements

December 31, 2016 and 2015

An impairment loss of \$93,396 was recognized on the Sherman property during 2015 based on the agreed upon purchase price, net of expenses, on a contract. The loss is included in management and general expense in the accompanying statements of activities and as a separate line item in the accompanying statement of functional expenses—2015. The Sherman property is recorded as asset held for sale in the accompanying statements of financial position (See *Note 4*). No assets were impaired in 2016.

### ***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by PWNA has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by PWNA in perpetuity.

### ***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as unrestricted.

### ***In-kind Contributions***

In addition to receiving cash contributions, PWNA receives in-kind contributions of clothing, medical supplies, toiletries, food, educational products and other items from various donors. It is the policy of PWNA to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2016 and 2015, \$22,074,599 and \$23,093,702, respectively, was received in in-kind contributions. Approximately 63% and 64%, of all in-kind contributions were received from three donors in 2016 and 2015, respectively.

### ***Inventory***

Inventories consist of donated and purchased supplies and are usually acquired through major retailer and not-for-profit organizations donations.

- **Donated Supplies Other Than Food** – Donated supplies are recorded at their fair value based upon the estimated price paid by the donor. PWNA values items by identifying the gross profit margin of the retailer and researching the average retailer price for the item via retailer websites. Once the average price is determined, it is reduced by a percentage equal to the gross profit margin of the retailer. This values the donated item at the approximate price paid by the retailer.

# Partnership With Native Americans

## Notes to Financial Statements

December 31, 2016 and 2015

- **Donated Food** – PWNA values food items at the average wholesale price per pound of food as determined by a price study commissioned by Feeding America, the largest food charity in the U.S. This rate applies to all food regardless of type or packaging. For the years ended December 31, 2016 and 2015, the average wholesale price per pound of food was \$1.70 and \$1.72, respectively.

### **Shipping and Handling Costs**

Shipping and handling costs of \$7,943,787 and \$7,542,219, for 2016 and 2015, respectively, are included in program expenses.

### **Income Taxes**

PWNA is exempt from income taxes under Section 501 of *the Internal Revenue Code* and a similar provision of state law. However, PWNA is subject to federal income tax on any unrelated business taxable income. There was no unrelated taxable income in 2016 and 2015.

### **Functional Allocation of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on direct salaries and other methods.

### **Fundraising Expenses**

All costs attributable to the production, printing and mailing of literature to the public that have both educational and fundraising appeal, have been allocated between fundraising and program expenses in the financial statements as they meet the requirements for the allocation of joint costs as provided by Accounting Standards Codification (ASC) Topic 958-720-50, *Accounting for Costs of Activities that Include Fundraising*.

**Partnership With Native Americans**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**Note 2: Investments and Investment Return**

Investments at December 31, consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 962,228	\$ 234,992
Domestic mutual funds	10,021	646,429
Domestic equities	754	176,220
International mutual funds	2,422	337,656
Fixed income bonds	1,810,337	789,132
Fixed income mutual funds	61,623	1,055,765
Alternative investment mutual funds	-	380,963
Certificates of deposit (non-negotiable)	15,030	65,610
Certificates of deposit (negotiable)	674,910	-
	<u>\$ 3,537,325</u>	<u>\$ 3,686,767</u>

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

	<u>2016</u>	<u>2015</u>
Net realized and unrealized gain (loss) on investments reported at fair value	\$ 70,223	\$ (36,939)
Interest and dividends, net of management fee	65,406	14,317
	<u>\$ 135,629</u>	<u>\$ (22,622)</u>

**Note 3: Property and Equipment**

Property and equipment at December 31, consists of:

	<u>2016</u>	<u>2015</u>
Land	\$ 814,938	\$ 814,938
Buildings	6,268,843	6,267,593
Building and leasehold improvements	708,224	664,087
Vehicles	1,540,601	1,423,039
Furniture and equipment	1,904,475	1,792,337
	<u>11,237,081</u>	<u>10,961,994</u>
Less accumulated depreciation and amortization	5,041,710	4,650,432
	<u>\$ 6,195,371</u>	<u>\$ 6,311,562</u>

# Partnership With Native Americans

## Notes to Financial Statements

December 31, 2016 and 2015

### Note 4: Assets Held for Sale

In 2015, PWNA began actively pursuing the sale of its former headquarters in Sherman, Texas. At December 31, 2015, the property was no longer in use and was listed in assets held for sale. During 2016, the property was sold for \$776,000 and PWNA recognized a gain on sale of assets of \$26,000.

### Note 5: Annuities Payable

PWNA has been the recipient of multiple gift annuities which require future payments to the donor. The assets received from the donor are recorded at fair value. PWNA has recorded a liability at December 31, 2016 and 2015, of \$16,660 and \$20,545, which represents the present value of the future annuity obligations. The liability has been determined using discount rates of 1.20% to 2.20%.

In 2014, PWNA executed a gift annuity agreement issued to a Maryland resident. *The Code of Maryland Regulations* No. 31.09.07.03E requires organizations to maintain assets equal to the outstanding annuity agreements. Temporarily restricted net assets included \$16,660 and \$20,545 at December 31, 2016 and 2015, respectively, to this agreement.

### Note 6: Net Assets

#### *Temporarily Restricted Net Assets*

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

	<u>2016</u>	<u>2015</u>
Scholarships	\$ 10,200	\$ 6,000
Healthy living	134,207	17,026
Special programs	25,340	30,000
Other	<u>43,356</u>	<u>65,545</u>
	<u>\$ 213,103</u>	<u>\$ 118,571</u>

# Partnership With Native Americans

## Notes to Financial Statements

December 31, 2016 and 2015

### **Permanently Restricted Net Assets**

Permanently restricted net assets at December 31, are restricted to:

	<u>2016</u>	<u>2015</u>
Investment in perpetuity, the income of which is expendable to support PWNA operations	<u>\$ 66,325</u>	<u>\$ 65,865</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>2016</u>	<u>2015</u>
Scholarships and education	\$ 6,000	\$ 298,298
Healthy living	17,026	-
Special programs	30,000	-
Other	<u>22,189</u>	<u>-</u>
	<u>\$ 75,215</u>	<u>\$ 298,298</u>

### **Note 7: Operating Leases**

Noncancellable operating leases for office space expire in various years through 2020. These leases require PWNA to pay all executory costs (maintenance and insurance).

Future minimum lease payments under operating leases are:

2017	\$ 199,286
2018	155,601
2019	160,489
2020	<u>80,652</u>
Total minimum lease payments	<u>\$ 596,028</u>

Rent expense for 2016 and 2015, was approximately \$252,000 and \$231,000, respectively.

### **Note 8: Pension and Other Postretirement Benefit Plans**

PWNA has a 401(k) plan covering substantially all U.S. based employees. PWNA contributions to the plan are 3% of annual compensation of all eligible employees. Contributions to the plan were \$85,583 and \$92,042, for 2016 and 2015, respectively.



# Partnership With Native Americans

## Notes to Financial Statements

December 31, 2016 and 2015

### Note 9: Allocation of Joint Costs

PWNA conducted activities that included requests for contributions, as well as program components. Those activities included direct mail, planned giving and telemarketing campaigns. The costs of conducting those activities included a total of \$11,128,643 and \$9,365,499, in 2016 and 2015, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2016</u>	<u>2015</u>
Fundraising	\$ 5,070,484	\$ 4,496,551
Plains Indian Services	3,023,917	2,589,539
Southwest Indian Services	2,471,206	1,846,610
American Indian Education Foundation	<u>563,036</u>	<u>432,799</u>
	<u>\$ 11,128,643</u>	<u>\$ 9,365,499</u>

### Note 10: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

# Partnership With Native Americans

## Notes to Financial Statements

December 31, 2016 and 2015

### 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, 2016 and 2015:

	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)
<b>December 31, 2016</b>				
Cash and cash equivalents	\$ 962,228	\$ 962,228	\$ -	\$ -
Domestic mutual funds	10,021	10,021	-	-
Domestic equities	754	754	-	-
International mutual funds	2,422	2,422	-	-
Fixed income bonds	1,810,337	-	1,810,337	-
Fixed income mutual funds	61,623	61,623	-	-
Certificates of deposit - negotiable	674,910	674,910	-	-

	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)
<b>December 31, 2015</b>				
Cash and cash equivalents	\$ 234,992	\$ 234,992	\$ -	\$ -
Domestic mutual funds	646,429	646,429	-	-
Domestic equities	176,220	176,220	-	-
International mutual funds	337,656	337,656	-	-
Fixed income bonds	789,132	-	789,132	-
Fixed income mutual funds	1,055,765	1,055,765	-	-
Alternative investment mutual funds	380,963	380,963	-	-

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2016.

# **Partnership With Native Americans**

## **Notes to Financial Statements**

### **December 31, 2016 and 2015**

#### ***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 11: Foreign Exchange Risk**

PWNA engages in activities that extend beyond the borders of the United States and are susceptible to adverse changes in the currency markets. As of December 31, 2016, PWNA had approximately 1,400,000 Philippines Pesos worth approximately \$28,000. Annual gains or losses from foreign currency translations have been minimal.

#### **Note 12: Subsequent Event**

Subsequent events have been evaluated through May 22, 2017, which is the date the financial statements were available to be issued.

## **Supplementary Information**

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

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

**Partnership With Native Americans**  
**Schedules of Change in Net Assets**  
**Year Ended December 31, 2015**

	<b>Other Unrestricted</b>	<b>In-kind Unrestricted</b>	<b>Total Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Revenues and Support</b>						
Direct contributions	\$ 21,677,561	\$ -	\$ 21,677,561	\$ 100,146	\$ 750	\$ 21,778,457
In-kind donations	-	23,093,702	23,093,702	-	-	23,093,702
Other income	476,118	405,139	881,257	-	-	881,257
Gain on sale of asset	69,353	-	69,353	-	-	69,353
Net assets released from restrictions	298,298	-	298,298	(298,298)	-	-
	<u>22,521,330</u>	<u>23,498,841</u>	<u>46,020,171</u>	<u>(198,152)</u>	<u>750</u>	<u>45,822,769</u>
<b>Expenses</b>						
Program services						
Plains Indian Services	4,872,410	11,596,980	16,469,390	-	-	16,469,390
Southwest Indian Services	4,144,544	8,442,254	12,586,798	-	-	12,586,798
American Indian Education Foundation	1,438,399	-	1,438,399	-	-	1,438,399
Other programs	388,130	-	388,130	-	-	388,130
	<u>10,843,483</u>	<u>20,039,234</u>	<u>30,882,717</u>	<u>-</u>	<u>-</u>	<u>30,882,717</u>
Supporting services						
Management and general	1,820,539	-	1,820,539	-	-	1,820,539
Fundraising	10,257,894	399,451	10,657,345	-	-	10,657,345
	<u>12,078,433</u>	<u>399,451</u>	<u>12,477,884</u>	<u>-</u>	<u>-</u>	<u>12,477,884</u>
Total expenses	<u>22,921,916</u>	<u>20,438,685</u>	<u>43,360,601</u>	<u>-</u>	<u>-</u>	<u>43,360,601</u>
<b>Change in Net Assets</b>	<u>\$ (400,586)</u>	<u>\$ 3,060,156</u>	<u>\$ 2,659,570</u>	<u>\$ (198,152)</u>	<u>\$ 750</u>	<u>\$ 2,462,168</u>