

NATIVE AMERICANS IN PHILANTHROPY

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

PREPARED BY

ROGERS AND COMPANY

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Native Americans in Philanthropy

We have audited the accompanying statement of financial position of Native Americans in Philanthropy (a nonprofit organization) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Native Americans in Philanthropy's 2011 financial statements and, in our report dated March 2, 2012, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Native Americans in Philanthropy as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



April 4, 2013

NATIVE AMERICANS IN PHILANTHROPY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and cash equivalents	\$ 438,448	\$ 328,096
Grants receivable, current	720,000	530,000
Prepaid expenses	1,355	1,199
Other receivables	<u>28,896</u>	<u>19,920</u>
Total Current Assets	1,188,699	879,215
Grants receivable, long-term	300,000	820,000
Cash held by fiscally-sponsored programs	221,245	96,786
Property and equipment, net of accumulated depreciation of \$44,538 and \$32,665 in 2012 and 2011, respectively	<u>10,746</u>	<u>9,177</u>
Total Assets	<u>\$ 1,720,690</u>	<u>\$ 1,805,178</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 41,701	\$ 19,613
Accrued expenses	<u>15,727</u>	<u>7,115</u>
Total Current Liabilities	57,428	26,728
Net Assets		
Unrestricted		
Undesignated	339,547	213,831
Board designated	<u>11,829</u>	<u>9,691</u>
Total Unrestricted Net Assets	351,376	223,522
Temporarily restricted	<u>1,311,886</u>	<u>1,554,928</u>
Total Net Assets	<u>1,663,262</u>	<u>1,778,450</u>
Total Liabilities and Net Assets	<u>\$ 1,720,690</u>	<u>\$ 1,805,178</u>

The accompanying notes are an integral part of these financial statements.

**NATIVE AMERICANS IN PHILANTHROPY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR 2011**

	2012			<u>2011</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
SUPPORT AND REVENUE				
Memberships	\$ 60,955	\$ -	\$ 60,955	\$ 126,930
Grants and contributions	360,911	426,910	787,821	2,028,999
Program service fees	36,601	-	36,601	26,710
In-kind donations	6,545	-	6,545	1,200
Registrations	37,438	-	37,438	35,698
Interest income	2,634	-	2,634	1,172
Miscellaneous income	13,893	-	13,893	2,798
Net assets released from restrictions	<u>669,952</u>	<u>(669,952)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	1,188,929	(243,042)	945,887	2,223,507
EXPENSES				
Program services	840,298	-	840,298	604,723
Supporting services:				
Management and general	157,698	-	157,698	121,177
Fundraising	42,054	-	42,054	41,015
Membership	<u>21,025</u>	<u>-</u>	<u>21,025</u>	<u>19,439</u>
Total Supporting Services	<u>220,777</u>	<u>-</u>	<u>220,777</u>	<u>181,631</u>
Total Expenses	<u>1,061,075</u>	<u>-</u>	<u>1,061,075</u>	<u>786,354</u>
CHANGE IN NET ASSETS	127,854	(243,042)	(115,188)	1,437,153
Net assets, beginning of year	<u>223,522</u>	<u>1,554,928</u>	<u>1,778,450</u>	<u>341,297</u>
Net assets, end of year	<u>\$ 351,376</u>	<u>\$ 1,311,886</u>	<u>\$ 1,663,262</u>	<u>\$ 1,778,450</u>

The accompanying notes are an integral part of these financial statements.

NATIVE AMERICANS IN PHILANTHROPY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR 2011

	2012				2011
	Program Services	Management & General	Supporting Services		
			Fundraising	Membership	Total
SALARIES AND RELATED EXPENSES					
Salaries and wages	\$ 278,980	\$ 52,971	\$ 14,126	\$ 7,062	\$ 353,139
Payroll taxes and benefits	78,030	14,816	3,951	1,975	98,772
Total Salaries and Related Expenses	357,010	67,787	18,077	9,037	451,911
OTHER EXPENSES					
Professional services	99,336	18,861	5,030	2,515	125,742
Office supplies	14,559	2,764	737	369	18,429
Telephone	5,157	979	261	131	6,528
Postage and shipping	3,500	665	176	89	4,430
Rent and occupancy	16,917	3,212	857	428	21,414
Printing and publications	8,769	1,665	444	222	11,100
Communications	20,006	3,799	1,013	506	25,324
Website costs	7,662	1,455	388	194	9,699
Insurance	2,322	441	118	58	2,939
Events and meetings	115,737	21,975	5,860	2,930	146,502
Dues and subscriptions	5,032	955	255	127	6,369
Miscellaneous expense	20,315	3,857	1,029	514	25,715
Training	4,582	870	232	116	5,800
Travel	139,349	26,458	7,056	3,528	176,391
Scholarships	9,225	-	-	-	9,225
Technical support	910	173	46	23	1,152
Equipment	522	-	-	-	522
Depreciation and amortization	9,388	1,782	475	238	11,883
Total Expenses	\$ 840,298	\$ 157,698	\$ 42,054	\$ 21,025	\$ 1,061,075
					\$ 786,354

The accompanying notes are an integral part of these financial statements.

**NATIVE AMERICANS IN PHILANTHROPY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (115,188)	\$ 1,437,153
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,883	12,516
Decrease (Increase) in grants receivables	330,000	(1,272,827)
(Increase) in other receivables	(8,976)	(16,449)
(Increase) Decrease in prepaid expenses	(156)	15,379
(Increase) in cash held by fiscally-sponsored programs	(124,459)	(96,786)
Increase in accounts payable	22,088	3,527
Increase in accrued expenses	<u>8,612</u>	<u>4,422</u>
Net Cash Provided by Operating Activities	123,804	86,935
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	<u>(13,452)</u>	-
Net Cash (Used) by Investing Activities	(13,452)	-
 Net Increase in Cash and Cash Equivalents	110,352	86,935
 Cash and cash equivalents, beginning of year	<u>328,096</u>	<u>241,161</u>
 Cash and cash equivalents, end of year	<u>\$ 438,448</u>	<u>\$ 328,096</u>

The accompanying notes are an integral part of these financial statements.

**NATIVE AMERICANS IN PHILANTHROPY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 1. ORGANIZATION

Native Americans in Philanthropy (the Organization) was founded in 1990 as a national nonprofit membership organization with the mission to advance philanthropic practices grounded in Native values and traditions.

Towards this mission, the Organization:

- **Engages** Native and non-Native practitioners of philanthropy in order to foster sustainable Native communities;
- **Educates** to instill Native philanthropic values into contemporary practice; and
- **Empowers** Native philanthropic leadership to be effective practitioners

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets Classifications

The Organization reports information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets are not subject to donor-imposed restrictions and represent funds that are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize for any of its programs or supporting services.
- Temporarily restricted net assets are comprised of funds that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets are subject to a donor-imposed restriction that they be maintained permanently by the Organization. At June 30, 2012 and 2011, the Organization had no permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Receivables

Receivables are stated at their net realizable value. No allowance for doubtful accounts has been provided, as management believes all receivables are collectible.

**NATIVE AMERICANS IN PHILANTHROPY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

All major expenditures for furniture, equipment, and building improvements are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method over the useful life of the asset, ranging from three to five years. When the Organization commits to the disposal or abandonment of equipment, the assets are written off or down to the net realizable value. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals or betterments are capitalized.

Revenue Recognition

Revenues and public support are reported as an increase in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as an increase or a decrease in unrestricted net assets unless their use is restricted by explicit donor stipulations. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted contributions, the restriction of which are met in the same year as the contributions is made, are reported as unrestricted contributions.

Donated Material and Services

Contributed services are recorded as contributions, at fair value, when the service creates or enhances a non-financial asset or donation. Some unpaid volunteers have made contributions of their time to the Organization's programs. The value of this contributed time is not reflected in these statements since it does not meet the requirements for recognition in the financial statements.

Functional Expenses

The majority of expenses are directly identified with the program or supporting services to which they relate. Expenses not directly identifiable by function are allocated to program and supporting services on the basis of salaries and other bases determined by management.

**NATIVE AMERICANS IN PHILANTHROPY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Exempt Status

The Organization has been recognized by the Internal Revenue Services (IRS) as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, accordingly, is generally not subject to income taxes, except for taxes pertaining to unrelated business income. The Organization is exempt from state taxes under Minnesota Statute 290.05. Therefore, there is no provision for income taxes, and unrelated income subject to tax is considered to be insignificant.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Ultimate results could differ from those estimates.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

NOTE 3. LEASE COMMITMENTS

On July 1, 2010, the Organization renewed their lease, which called for monthly payments of \$698 through June 30, 2012. During October 2011, the Organization added new workstations, which increased monthly lease payments to \$1,084. On July 1, 2012, the Organization renewed their lease, which called for monthly payments of \$1,084 and \$1,114 through June 30, 2013 and 2014, respectively. Future minimum lease payments related to the lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$13,008
2014	<u>13,368</u>
Total	<u>\$26,376</u>

**NATIVE AMERICANS IN PHILANTHROPY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 4. IN-KIND CONTRIBUTIONS

The Organization had in-kind contributions of event food and meeting space totaling \$6,545 for the year ended June 30, 2012 and in-kind professional consulting fees totaling \$1,200 for the year ended June 30, 2011.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2012</u>	<u>2011</u>
Computers and equipment	\$ 21,773	\$ 8,321
Website development	33,511	33,511
Less: accumulated depreciation	<u>(44,538)</u>	<u>(32,655)</u>
Net Property and Equipment	<u>\$10,746</u>	<u>\$ 9,177</u>

Depreciation expense of \$11,883 and \$12,516 was recorded for the years ended June 30, 2012 and 2011, respectively.

NOTE 6. RETIREMENT PLAN

The Organization currently maintains a 401K tax-deferred annuity pension plan for its qualifying employees. The Organization contributes up to 5% of gross salary in addition to the employees' directed amounts. For the years ended June 30, 2012 and 2011, the Organization contributed \$14,755 and \$11,296, respectively.

NOTE 7. COMMITMENTS AND CONTINGENCIES

In 2012 and 2011, approximately 76% and 86% of the Organization's revenue was from six sources, respectively. Should these sources fail to continue to subsidize the Organization's revenue, or should there be a decline in the economy or other factors beyond the Organization's control, this loss of revenue could cause a severe impact on its continued operations.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

The Organization maintains its cash in deposit accounts at a financial institution where, at times, they may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

**NATIVE AMERICANS IN PHILANTHROPY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2012</u>	<u>2011</u>
SMSC Donation Program	\$ 21,717	\$ 21,717
MN Indian Business Alliance	13,563	-
Seed 2 Lead Program	35,331	51,505
Time Restricted for Operations	295,757	74,055
Native Youth Leadership Alliance	-	54,328
Regional Action Networks	945,518	1,353,323
	<u>\$1,311,886</u>	<u>\$1,554,928</u>

NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consisted of the following as of June 30:

	<u>2012</u>	<u>2011</u>
Research and Event Coordination	\$ -	\$ 2,352
MN Indian Business Alliance	13,347	-
Seed 2 Lead Program	16,174	12,895
Time restricted for operations	178,297	137,545
Native Youth Leadership Alliance	54,328	76,672
Regional Action Networks	407,806	146,677
	<u>\$669,952</u>	<u>\$376,141</u>

NOTE 10. BOARD DESIGNATED NET ASSETS

For the years ended June 30, 2012 and 2011, the Organization's Board has designated \$11,829 and \$9,691, respectively of unrestricted net assets to be used to establish an awards endowment.

NOTE 11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were issued, April 4, 2013. There are no subsequent events required to be disclosed in accordance with accounting standards.

**NATIVE AMERICANS IN PHILANTHROPY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 12. INCOME TAX UNCERTAINTIES

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for the uncertainty in income taxes recognized in the entity's consolidated financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Organization's consolidated financial statements.

The Organization's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the years 2008 to 2011 are open to examination by federal, state, and local authorities.