

NATIONAL INDIAN CHILD WELFARE ASSOCIATION

Financial Statements

For the Year Ended April 30, 2020

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Independent Auditor's Report

To the Board of Directors
National Indian Child Welfare Association
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of National Indian Child Welfare Association which comprise the statement of financial position as of April 30, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 audit. 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 consolidated 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, I 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Indian Child Welfare Association as of April 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited National Indian Child Welfare Association's 2019 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated July 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

October 9, 2020

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
April 30, 2020
(With Comparative Totals for April 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 818,739	\$ 808,377
Accounts receivable	70,766	66,594
Grants and contracts receivable	67,500	171,256
Unbilled contract expenses	55,806	40,024
Accounts receivable from employees	160	610
Inventory	31,154	29,209
Prepaid and other assets	62,820	59,161
Total current assets	1,106,945	1,175,231
Capital assets, net of depreciation	49,171	82,301
Total assets	\$ 1,156,116	\$ 1,257,532
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 47,310	\$ 51,857
Capital lease - current portion	29,920	33,059
Accrued expenses	136,614	66,865
Accrued payroll	5,932	9,353
Accrued compensated absences	59,847	54,249
Total current liabilities	279,623	215,383
Capital lease - long term portion	13,388	43,308
Total liabilities	293,011	258,691
NET ASSETS		
Net assets without restriction	549,461	671,163
Net assets with restriction	313,644	327,678
Total net assets	863,105	998,841
Total liabilities and net assets	\$ 1,156,116	\$ 1,257,532

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

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended April 30, 2020
(With Comparative Totals For the Year Ended April 30, 2019)

	2020			Total 2019
	Without Restrictions	With Restrictions	Total	
Support and revenues:				
Grants and contracts	\$ 706,939	\$ 595,062	\$ 1,302,002	\$ 1,569,132
Contributions	464,942	-	464,942	484,583
Memberships	103,403	-	103,403	133,410
Program service fees and reimbursements	332,328	-	332,328	336,524
Conference and training revenue	382,545	-	382,545	772,454
Product sales	19,184	-	19,184	30,680
Interest and other income	552	-	552	35
	<u>2,009,893</u>	<u>595,062</u>	<u>2,604,956</u>	<u>3,326,818</u>
Assets released from restrictions:				
Satisfaction of program restrictions	<u>609,097</u>	<u>(609,097)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>2,618,990</u>	<u>(14,034)</u>	<u>2,604,956</u>	<u>3,326,818</u>
Expenses:				
Program services	1,568,109	-	1,568,109	1,645,790
Management and general	780,746	-	780,746	915,965
Fundraising	391,837	-	391,837	389,489
Total expenses	<u>2,740,692</u>	<u>-</u>	<u>2,740,692</u>	<u>2,951,244</u>
Change in net assets	(121,702)	(14,034)	(135,736)	375,574
Net assets, beginning of year	<u>671,163</u>	<u>327,678</u>	<u>998,841</u>	<u>623,267</u>
Net assets, end of year	<u>\$ 549,461</u>	<u>\$ 313,644</u>	<u>\$ 863,105</u>	<u>\$ 998,841</u>

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

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2020
(With Comparative Totals For the Year Ended April 30, 2019)

	2020	2019
Cash flows from operating activities:		
Cash received from grants and contracts	\$ 1,386,254	\$ 1,507,540
Cash received from contributions	464,942	484,583
Cash received from other revenues	838,012	1,273,103
Cash paid to suppliers and employees	(2,645,787)	(2,973,093)
Net cash provided by (used in) operating activities	43,421	292,133
Cash flows from financing activities:		
Payments on capital lease	(33,059)	(33,216)
Payments on line of credit	-	(36)
Net cash provided by (used in) financing activities	(33,059)	(33,252)
Net change in cash and cash equivalents	10,362	258,881
Cash and cash equivalents, beginning of year	808,377	549,496
Cash and cash equivalents, end of year	\$ 818,739	\$ 808,377
Supplemental schedule of non-cash investing and financing activities:		
Fixed assets acquired through a capital lease	\$ -	\$ 35,648

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

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2020
(With Comparative Totals For the Year Ended April 30, 2019)

	2020	2019
Change in net assets	\$ (135,736)	\$ 375,574
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,130	31,347
Net changes in:		
Accounts receivable	(4,172)	6,110
Grants and contracts receivable	103,756	(90,708)
Unbilled contracts	(15,782)	21,976
Accounts receivable from employees	450	1,030
Inventory	(1,945)	(2,153)
Prepaid and other assets	(3,659)	4,900
Accounts payable	(4,547)	(103,923)
Accrued expenses	69,749	42,253
Accrued payroll and compensated absences	2,177	5,727
	179,157	(83,441)
Total adjustments		
Net cash provided by operating activities	\$ <u>43,421</u>	\$ <u>292,133</u>
Cash paid for interest	\$ <u>2,790</u>	\$ <u>4,535</u>

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

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2020
(With Comparative Totals For the Year Ended April 30, 2019)

	2020							2019 Total
	Information Exchange	Community Development	Policy and Research	Total Program Services	Management and General	Fund Development	Total	
Wages and salaries	\$ 278,640	\$ 396,298	\$ 160,037	\$ 834,975	\$ 319,604	\$ 196,713	\$ 1,351,292	\$ 1,427,180
Payroll taxes and benefits	73,235	96,756	32,258	202,249	98,565	60,550	361,364	390,970
Contracted services	53,835	2,959	42,180	98,974	134,386	9,573	242,933	215,821
Fees and staff development	150	754	3,760	4,664	14,888	1,586	21,138	29,179
Insurance	1,795	2,311	744	4,850	2,382	1,455	8,687	9,619
Program materials	7,781	-	-	7,781	-	-	7,781	6,657
Office supplies	20,759	6,297	1,691	28,747	11,421	2,106	42,274	52,787
Telephone	7,484	11,149	4,330	22,963	9,792	5,237	37,992	34,707
Postage	7,983	1,804	769	10,556	2,900	6,212	19,668	23,256
Occupancy	54,195	72,432	23,828	150,455	73,925	44,914	269,294	197,729
Repairs and maintenance	16,517	21,156	6,934	44,607	22,573	21,178	88,358	96,782
Printing & publications	14,915	5,586	2,770	23,271	7,950	16,372	47,593	33,671
Dues & subscriptions	19,348	3,113	1,828	24,289	2,679	8,920	35,888	42,367
Staff travel	9,501	-	21,052	30,553	2,715	4,552	37,820	94,749
Board travel	-	-	-	-	19,633	-	19,633	27,348
Other travel	10,438	74	6,675	17,187	785	285	18,257	26,963
Depreciation	-	-	-	-	33,130	-	33,130	31,347
Meetings	31,292	380	350	32,022	10,465	317	42,804	163,371
In-kind expenses	583	279	5,019	5,881	1,702	6,915	14,498	5,060
Miscellaneous & interest	7,369	14,293	2,423	24,085	11,251	4,952	40,288	41,681
	<u>\$ 615,820</u>	<u>\$ 635,641</u>	<u>\$ 316,648</u>	<u>\$ 1,568,109</u>	<u>\$ 780,746</u>	<u>\$ 391,837</u>	<u>\$ 2,740,692</u>	<u>\$ 2,951,244</u>

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

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2020

NOTE A – ORGANIZATION

National Indian Child Welfare Association (the “Association”) is a nonprofit corporation organized in the state of Oregon to provide consultation, training, and educational materials designed to preserve and protect Indian children through promotion of safe, healthy, and culturally strong environments, a positive sense of Indian heritage, and spiritual strength. The major sources of support and revenue are federal, state, and other governmental grants and contracts, private foundation grants, and fees for consultation, training, and materials.

The Association’s programs have improved the lives of tens of thousands of Indian children and affected almost all of the 574 federally recognized tribes in the United States. The Association’s core services focus on the ongoing needs of our core population—Indian children and families and the workers who serve them. Currently, the Association’s programs and services include:

Information Exchange – The Association maintains the most comprehensive library on Indian child welfare issues in the country. Indian child welfare program staff, tribes, individuals, and organizations may call the Association at any time with a specific question or request for information on a wide range of child and family topics.

Community Development – The Association works to improve the lives of Indian children and families by enhancing the quality and availability of child welfare and related resources and by facilitating the planning and implementation of child mental health services. This work includes collaborating with tribal and urban Indian child welfare programs to increase their service capacity, enhancing tribal-state relationships, increasing compliance with the Indian Child Welfare Act, and promoting cultural competency. Services provided through this program include training, technical assistance (TA), information services, alliance-building, and support to develop customary adoption programs. Training, education, and advocacy are provided at the national level to various federal and private partners on behalf of Indian children and families.

Policy and Research – The Association’s research program engages in research efforts that serve to provide a wide array of stakeholders with current information that can be used to improve tribal, county, state, and federal programming and advocacy efforts to enhance the well-being of Indian children and youth, families, and communities. In every research endeavor, the Association strives to work collaboratively with tribal communities so that the information gathered and learned through the research process has local meaning and impact. We inform advocates and policymakers, facilitate public discussion of the needs of American Indian and Alaska Native children, and bring together diverse people and institutions to develop the necessary policy solutions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include accounts with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. Amounts in excess of FDIC insurance were \$795,547 as of April 30, 2020.

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Association maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Association cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Association has not experienced, nor does it anticipate, any losses with respect to such accounts.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a 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.

Contracts

Proceeds received under contracts with federal, state, local governments, and other organizations are recorded as support when the related costs are incurred.

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

Significant services received which create or enhance a non-financial asset or require specialized skills that the Association would have purchased if not donated are recognized in the statement of activities as contribution revenues and expenses.

During the year ended April 30, 2020 the Association recognized \$14,497 in professional services as in-kind contributions.

Receivables

Accounts receivable consist of charges due for various program services performed and for unconditional promises to give. Grants and contracts receivable represent amounts due for unreimbursed expenditures. Unbilled contract expenses represent expenditures incurred but not yet invoiced for reimbursement.

The Association uses the allowance method to account for uncollectible accounts. The allowance is based on collection experience, economic conditions, credit risk quality, and other conditions which may affect the ability of the Association to collect specific accounts. Receivables are considered to be impaired if full principal payments are not received in accordance with the contractual terms. It is the Association's policy to charge off uncollectible receivables when management determines the receivable will not be collected. As of April 30, 2020, management estimates that no allowance for uncollectible receivables is necessary.

Inventory

Inventory consists of references and training materials. Inventory is recorded at the lower of cost or market utilizing the first in, first out method.

Capital Assets

Property and equipment are recorded at purchase cost. Acquisitions, renovations, and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed capital assets are recorded at fair market value on the date of contribution. The Association follows the practice of capitalizing all expenditures for capital assets in excess of \$5,000.

The Association depreciates property and equipment over its estimated useful life using the straight-line method for financial reporting purposes, which is generally 5 years.

Federal funding sources have a reversionary interest in property and equipment purchased with Federal funds. Therefore, the disposition and any sale proceeds from assets purchased with Federal funds are subject to funding source regulations. Purchase of individual items of property and equipment with Federal funds that cost in excess of \$5,000 are subject to prior funding source approval.

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred.

Income Taxes

The Association received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association has been classified as an organization that is not a private foundation under section 509(a). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Association's federal and state income tax returns are subject to possible examinations by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three-year statute of limitation.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

Fair Value of Financial Instruments

The Association reports that the carrying amounts of cash equivalents, prepaid expenses and other assets, accounts payable, and accrued liabilities approximates their fair value approximates due to the short-term nature of these instruments.

Summarized Financial Information for 2019

The accompanying financial information as of and for the year ended April 30, 2019 is presented for comparative purposes only, and is not intended to represent a complete financial statement presentation. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended April 30, 2019, from which the summarized information was derived.

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2020

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Association’s financial assets at April 30, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 818,739
Grants receivable	67,500
Accounts and other receivables	<u>126,732</u>
Total financial assets	1,012,971
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	<u>(313,644)</u>
Total financial assets available	<u>\$ 699,327</u>

The Association is supported by restricted grants and contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. The Association has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity need, the Association could also draw upon its available line of credit.

NOTE D – CAPITAL ASSETS

Major classes of capital assets consist of the following at April 30, 2020:

Furniture and equipment	\$ 310,574
Less accumulated depreciation	<u>(261,403)</u>
	<u>\$ 49,171</u>

Depreciation expense was \$33,130 for the year ended April 30, 2020.

NOTE E – LINE OF CREDIT

The Association has a line of credit with a bank granting borrowings up to \$125,000. The line of credit accrues interest at prime rate plus 4.0% (7.25% as of April 30, 2020) per annum. The Association had no outstanding debt under the terms of the line of credit as of April 30, 2020.

The Association has a line of credit with an organization granting borrowings up to \$250,000. The line of credit accrues interest at a rate benchmarked to the federal funds rate at the time of withdrawal and matures on April 30, 2024. The Association is required to maintain minimum unrestricted net asset amounts under the terms of the agreement. The Association has no outstanding debt under the terms of the line of credit as of April 30, 2020.

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2020

NOTE F – CAPITAL LEASES

The Association leases equipment that qualifies as two capital leases. The leases have a 3 and 5 year term and mature in February 2021 and January 2023, respectively. The future obligations under the terms of the capital lease agreements are as follows:

Future minimum payments under the capital leases are as follows:

<u>Year ending April 30,</u>		
2021	\$	31,160
2022		7,967
2023		<u>5,975</u>
		45,102
Less: interest		<u>(1,794)</u>
	\$	<u><u>43,308</u></u>

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at April 30, 2020:

Subject to expenditure for program purposes	\$	<u>313,644</u>
	\$	<u><u>313,644</u></u>

NOTE H – OPERATING LEASES

The Association leases office space and equipment under non-cancelable operating lease agreements which expire at various dates through August, 2026.

Total rent expense under the terms of the operating lease agreements was \$256,203 for the year ended April 30, 2020. The Association has recognized rent expense using the straight-line method and has recorded the difference between rent expense on the straight-line method and cash paid for rent as accrued expenses on the accompanying statement of financial position to be recognized over the life of the lease. The liability is \$136,614 at April 30, 2020.

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2020

NOTE H – OPERATING LEASES (Continued)

Future minimum payments under the operating leases are as follows:

<u>Year ending April 30,</u>	
2021	\$ 269,959
2022	278,058
2023	286,400
2024	294,991
2025	303,841
2026 - 2027	<u>419,605</u>
	<u>\$ 1,852,854</u>

NOTE I – CONTINGENCIES

Certain amounts received or receivable under the Association’s revenue contracts are subject to audit and judgment by the contracting agencies. Any expenditure or claims disallowed as a result of such audits would become a liability of the Association. In the opinion of the Association’s management, any adjustments that might result from such audits would not be material to the Association’s overall financial statements.

NOTE J – CONCENTRATIONS OF SUPPORT AND REVENUES

For the year ended April 30, 2020 approximately 20% of the Association’s total support and revenue was provided under contracts and subcontracts emanating originally from the U.S. Department of Health and Human Services. At April 30, 2020 one grantor accounted for approximately 41% of total grants and contracts receivable.

NOTE K – SUBSEQUENT EVENTS

The Association has evaluated for subsequent events through October 9, 2020 which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended April 30, 2020.

Subsequent to year-end, the Association has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Association is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Association's financial position is not known.