

NATIONAL INDIAN CHILD WELFARE ASSOCIATION

Financial Statements

For the Year Ended April 30, 2021

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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, 2021, 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.

Richard Winkel, CPA
15086 NW Oakmont Loop
Beaverton, OR 97006

tel: (503) 332-6750
fax: (888) 739-8185
email: rwinkel@winkelcpa.com

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, 2021, 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 2020 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated October 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

November 3, 2021

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
April 30, 2021
(With Comparative Totals for April 30, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,824,205	\$ 818,739
Accounts receivable	39,266	70,766
Grants and contracts receivable	25,943	67,500
Unbilled contract expenses	11,311	55,806
Accounts receivable from employees	160	160
Inventory	12,211	31,154
Prepaid expenses and other assets	67,119	62,820
Total current assets	1,980,215	1,106,945
Capital assets, net of depreciation	16,042	49,171
Total assets	\$ 1,996,257	\$ 1,156,116
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 35,611	\$ 47,310
Capital lease - current portion	7,522	29,920
Accrued payroll	8,108	5,932
Accrued compensated absences	46,603	59,847
Accrued expenses	133,445	136,614
Deferred revenue	4,555	-
Total current liabilities	235,844	279,623
Capital lease - long term portion	5,866	13,388
Total liabilities	241,710	293,011
NET ASSETS		
Net assets without restriction	1,323,716	549,461
Net assets with restriction	430,831	313,644
Total net assets	1,754,547	863,105
Total liabilities and net assets	\$ 1,996,257	\$ 1,156,116

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, 2021
(With Comparative Totals For the Year Ended April 30, 2020)

	2021			Total 2020
	Without Restriction	With Restriction	Total	
Support and revenues:				
Grants and contracts	\$ 662,520	\$ 839,752	\$ 1,502,272	\$ 1,302,002
Contributions	789,335	-	789,335	464,942
Memberships	173,612	-	173,612	103,403
Program service fees and reimbursements	319,945	-	319,945	332,328
Conference and training revenue	549,194	-	549,194	382,545
Product sales	25,928	-	25,928	19,184
Interest income	79	-	79	552
	<u>2,520,613</u>	<u>839,752</u>	<u>3,360,365</u>	<u>2,604,956</u>
Assets released from restrictions:				
Satisfaction of program restrictions	<u>722,565</u>	<u>(722,565)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>3,243,178</u>	<u>117,187</u>	<u>3,360,365</u>	<u>2,604,956</u>
Expenses:				
Program services	1,570,514	-	1,570,514	1,568,109
Management and general	611,442	-	611,442	780,746
Fundraising	286,967	-	286,967	391,837
Total expenses	<u>2,468,923</u>	<u>-</u>	<u>2,468,923</u>	<u>2,740,692</u>
Change in net assets	774,255	117,187	891,442	(135,736)
Net assets, beginning of year	<u>549,461</u>	<u>313,644</u>	<u>863,105</u>	<u>998,841</u>
Net assets, end of year	<u>\$ 1,323,716</u>	<u>\$ 430,831</u>	<u>\$ 1,754,547</u>	<u>\$ 863,105</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, 2021
(With Comparative Totals For the Year Ended April 30, 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from grants and contracts	\$ 1,354,685	\$ 1,386,254
Cash received from contributions	789,335	464,942
Cash received from other revenues	1,068,758	838,012
Cash paid to suppliers and employees	(2,442,531)	(2,645,787)
Net cash provided by operating activities	770,247	43,421
Cash flows from financing activities:		
Draw under PPP loan	265,139	-
Payments on capital lease	(29,920)	(33,059)
Net cash provided by (used in) financing activities	235,219	(33,059)
Net change in cash and cash equivalents	1,005,466	10,362
Cash and cash equivalents, beginning of year	818,739	808,377
Cash and cash equivalents, end of year	\$ 1,824,205	\$ 818,739

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, 2021
(With Comparative Totals For the Year Ended April 30, 2020)

	2021						2020 Total	
	Information Exchange	Community Development	Policy and Research	Total Program Services	Management and General	Fund Development		Total
Wages and salaries	\$ 268,526	\$ 361,651	\$ 167,834	\$ 798,011	\$ 317,552	\$ 131,563	\$ 1,247,126	\$ 1,351,292
Payroll taxes and benefits	68,308	80,045	34,651	183,004	88,874	27,817	299,695	361,364
Contracted services and consultants	84,112	1,118	59,997	145,227	27,448	48,888	221,563	242,933
Fees and staff development	425	900	3,410	4,735	11,045	1,200	16,980	21,138
Insurance	2,034	2,314	969	5,317	2,462	925	8,704	8,687
Program materials	20,126	-	-	20,126	-	-	20,126	7,781
Office supplies	34,529	3,805	1,380	39,714	8,958	2,119	50,791	42,274
Telephone	8,768	11,920	4,707	25,395	10,442	4,123	39,960	37,992
Postage	17,206	1,262	416	18,884	1,198	2,414	22,496	19,668
Occupancy	60,171	68,356	29,028	157,555	72,820	27,207	257,582	269,294
Repairs and maintenance	17,742	23,713	8,314	49,769	21,525	13,777	85,071	88,358
Printing & publications	4,999	1,827	837	7,663	678	7,452	15,793	47,593
Dues & subscriptions	27,678	7,536	1,407	36,621	4,890	9,934	51,445	35,888
Staff travel	-	1	-	1	1,065	-	1,066	37,820
Board travel	-	-	-	-	-	-	-	19,633
Other travel	245	-	-	245	-	435	680	18,257
Depreciation	-	-	-	-	33,129	-	33,129	33,130
Meetings	6,300	-	-	6,300	-	-	6,300	42,804
In-kind expenses	44,052	7,583	32	51,667	85	5,061	56,813	14,498
Miscellaneous & interest	6,444	11,920	1,916	20,280	9,271	4,052	33,603	40,288
	<u>\$ 671,665</u>	<u>\$ 583,951</u>	<u>\$ 314,898</u>	<u>\$ 1,570,514</u>	<u>\$ 611,442</u>	<u>\$ 286,967</u>	<u>\$ 2,468,923</u>	<u>\$ 2,740,692</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, 2021

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 American Indian and Alaska Native children through promotion of safe, healthy, and culturally strong environments, a positive sense of Native 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 Native children and affected almost all of the 574 federally recognized tribes in the United States. The Association’s primary services focus on the ongoing needs of our core population–Native 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. Annually, the Association hosts the preeminent workforce training event on Indian child welfare, the Protecting Our Children conference, as well as training institutes and online courses.

Community Development – The Association works to improve the lives of Native 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 tribal programs. Training, education, and advocacy are provided at the national level to various federal and private partners on behalf of Native 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 Native 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 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, 2021

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.

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. Amounts in excess of FDIC insurance were \$1,598,287 as of April 30, 2021. 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, 2021

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, 2021 the Association recognized \$50,825 in professional services and \$5,988 in goods and materials 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, 2021, 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, 2021

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 due to the short-term nature of these instruments.

Summarized Financial Information for 2020

The accompanying financial information as of and for the year ended April 30, 2020 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, 2020, from which the summarized information was derived.

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2021

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Association’s financial assets at April 30, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,824,205
Grants receivable	25,943
Accounts and other receivables	<u>50,737</u>
Total financial assets	1,900,885
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	<u>(430,831)</u>
Total financial assets available	<u>\$ 1,470,054</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, 2021:

Furniture and equipment	\$ 310,574
Less accumulated depreciation	<u>(294,532)</u>
	<u>\$ 16,042</u>

Depreciation expense was \$33,129 for the year ended April 30, 2021.

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, 2021) per annum. The Association had no outstanding debt under the terms of the line of credit as of April 30, 2021.

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, 2021.

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2021

NOTE F – CAPITAL LEASES

The Association leases equipment under agreements that qualify as a capital lease. The lease matures in January 2023. The future obligations under the terms of the capital lease agreement are as follows:

<u>Year ending April 30,</u>		
2022	\$	7,967
2023		<u>5,975</u>
		13,972
Less: interest		<u>(554)</u>
	\$	<u><u>13,388</u></u>

NOTE G – PAYCHECK PROTECTION PROGRAM LOAN

On May 8, 2020 the Association was granted a loan in the amount of \$265,139 under the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act administered by a Small Business Administration (SBA) approved partner. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan.

During the year ended April 30, 2021, the Association initially recorded the loan as a loan payable and then recognized grant revenue of \$265,139 once the PPP loan was forgiven by the SBA.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at April 30, 2021:

Subject to expenditure for program purposes	\$	<u>430,831</u>
	\$	<u><u>430,831</u></u>

NOTE I – 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 \$235,060 for the year ended April 30, 2021. 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 \$133,445 at April 30, 2021.

NATIONAL INDIAN CHILD WELFARE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2021

NOTE I – OPERATING LEASES (Continued)

Future minimum payments under the operating leases are as follows:

<u>Year ending April 30,</u>	
2022	\$ 278,058
2023	286,400
2024	294,991
2025	303,841
2026	312,956
2027	<u>106,649</u>
	<u>\$ 1,582,895</u>

NOTE J – 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 K – CONCENTRATIONS OF SUPPORT AND REVENUES

For the year ended April 30, 2021 approximately 16% 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, 2021 one grantor accounted for approximately 33% of total grants and contracts receivable.

NOTE L – SUBSEQUENT EVENTS

The Association has evaluated for subsequent events through November 3, 2021 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, 2021.

In May 2021 the Association was awarded a second loan of \$310,024 under the Paycheck Protection Program. The proceeds of the PPP Loans have been and are expected to be used for payroll costs but may also be used for other permitted purposes under the CARES Act, including rent or utility costs. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan and the Organization intends to apply for forgiveness. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act and the maintenance or achievement of certain employee levels. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.