

NATIVE AMERICANS IN PHILANTHROPY

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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, 2010, 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 financial statements of Native Americans in Philanthropy as of June 30, 2009, were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated December 15, 2009.

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, 2010, 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.



November 11, 2010

**NATIVE AMERICANS IN PHILANTHROPY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

ASSETS	<u>2010</u>	<u>2009</u>
Current Assets		
Cash and cash equivalents	\$ 241,161	\$ 513,733
Receivables	80,645	79,586
Prepaid expenses	<u>16,578</u>	<u>1,050</u>
Total Current Assets	338,384	594,369
Property and equipment, net of accumulated depreciation of \$20,139 and \$7,415 in 2010 and 2009, respectively	<u>21,693</u>	<u>34,417</u>
Total Assets	<u>\$ 360,077</u>	<u>\$ 628,786</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 16,087	\$ 10,560
Accrued expenses	<u>2,693</u>	<u>5,674</u>
Total Current Liabilities	18,780	16,234
Net Assets		
Unrestricted		
Undesignated	193,337	527,945
Board designated	<u>7,891</u>	<u>7,891</u>
Total Unrestricted Net Assets	201,228	535,836
Temporarily restricted	<u>140,069</u>	<u>76,716</u>
Total Net Assets	<u>341,297</u>	<u>612,552</u>
Total Liabilities and Net Assets	<u>\$ 360,077</u>	<u>\$ 628,786</u>

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

NATIVE AMERICANS IN PHILANTHROPY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR 2009

	2010			2009
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
SUPPORT AND REVENUE				
Memberships	\$ 80,600	\$ -	\$ 80,600	\$ 91,530
Grants and contributions	87,623	165,000	252,623	303,620
In-kind donations	2,014	-	2,014	16,964
Registrations	25,125	-	25,125	52,988
Interest income	3,891	-	3,891	2,705
Miscellaneous income	2,260	-	2,260	5,238
Net assets released from restrictions	<u>101,647</u>	<u>(101,647)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	303,160	63,353	366,513	473,045
EXPENSES				
Program services	483,657	-	483,657	451,568
Supporting services:				
Management and general	111,457	-	111,457	75,504
Fundraising	33,447	-	33,447	26,214
Membership	<u>9,206</u>	<u>-</u>	<u>9,206</u>	<u>17,914</u>
Total Supporting Services	<u>154,110</u>	<u>-</u>	<u>154,110</u>	<u>119,632</u>
Total Expenses	<u>637,767</u>	<u>-</u>	<u>637,767</u>	<u>571,200</u>
CHANGE IN NET ASSETS	(334,607)	63,353	(271,254)	(98,155)
Net assets, beginning of year	<u>535,835</u>	<u>76,716</u>	<u>612,551</u>	<u>710,706</u>
Net assets, end of year	<u>\$ 201,228</u>	<u>\$ 140,069</u>	<u>\$ 341,297</u>	<u>\$ 612,551</u>

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

NATIVE AMERICANS IN PHILANTHROPY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR 2009

	2010					2009				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Services	Management & General	Fundraising	Membership	Total	Services	Management & General	Fundraising	Membership	Total
SALARIES AND RELATED EXPENSES										
Salaries and wages	\$ 170,463	\$ 58,338	\$ 20,423	\$ 2,504	\$ 81,265	\$ 251,728	\$ 189,247			
Payroll taxes and benefits	46,350	19,007	5,517	522	25,046	71,396	56,991			
Total Salaries and Related Expenses	216,813	77,345	25,940	3,026	106,311	323,124	246,238			
OTHER EXPENSES										
Professional services	83,281	-	-	-	-	83,281	72,954			
Office supplies	7,039	1,616	381	476	2,473	9,512	6,704			
Telephone	5,258	1,209	355	284	1,848	7,106	4,352			
Postage and shipping	1,544	355	104	83	542	2,086	2,941			
Rent and occupancy	7,820	1,797	528	423	2,748	10,568	9,792			
Printing and publications	3,635	835	246	197	1,278	4,913	6,845			
Communications	15,027	3,452	1,015	813	5,280	20,307	14,259			
Website costs	1,101	253	74	60	387	1,488	4,379			
Insurance	2,260	519	153	122	794	3,054	2,730			
Events and meetings	68,035	-	-	-	-	68,035	139,060			
Dues and subscriptions	2,831	650	191	153	994	3,825	3,330			
Miscellaneous expense	1,457	335	98	79	512	1,969	2,441			
Training	-	7,932	-	-	7,932	7,932	4,373			
Travel	55,070	12,651	3,721	2,977	19,349	74,419	24,680			
Scholarships	3,000	-	-	-	-	3,000	17,525			
Technical support	-	329	-	-	329	329	1,044			
Equipment	70	16	5	4	25	95	791			
Depreciation and amortization	9,416	2,163	636	509	3,308	12,724	6,762			
Total Expenses	\$ 483,657	\$ 111,457	\$ 33,447	\$ 9,206	\$ 154,110	\$ 637,767	\$ 571,200			

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

**NATIVE AMERICANS IN PHILANTHROPY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (271,254)	\$ (98,155)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	12,724	6,762
Bad debt expense	465	515
Loss on disposal of property and equipment	-	452
(Increase) decrease in receivables	(1,525)	370,929
(Increase) decrease in prepaid expenses	(15,528)	96
Increase in accounts payable	5,527	2,873
(Decrease) increase in accrued expenses	<u>(2,981)</u>	<u>5,416</u>
Net Cash (Used) Provided by Operating Activities	(272,572)	288,888
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(39,593)</u>
Net Cash (Used) by Investing Activities	<u>-</u>	<u>(39,593)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(272,572)	249,295
Cash and cash equivalents, beginning of year	<u>513,733</u>	<u>264,438</u>
Cash and cash equivalents, end of year	<u>\$ 241,161</u>	<u>\$ 513,733</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, 2010 AND 2009**

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, 2010 and 2009, 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, 2010 AND 2009**

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, 2010 AND 2009**

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, 2009, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE 3. LEASE COMMITMENTS

On January 31, 2007, the Organization entered into an operating sub-lease agreement for office space. The lease agreement called for monthly payments of \$807 through June 30, 2010. On July 1, 2010, the Organization renewed this lease, which now calls for monthly payments of \$680 and \$698 through June 30, 2011 and 2012, respectively. Future minimum lease payments related to the lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$8,155
2012	<u>8,376</u>
Total	<u>\$16,531</u>

**NATIVE AMERICANS IN PHILANTHROPY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2010</u>	<u>2009</u>
Computers and equipment	\$ 8,321	\$ 8,321
Website development	33,511	33,511
Less: accumulated depreciation	<u>(20,139)</u>	<u>(7,415)</u>
Net Property and Equipment	<u>\$21,693</u>	<u>\$34,417</u>

Depreciation expense of \$12,724 and \$6,762 was recorded for the years ended June 30, 2010 and 2009, respectively.

NOTE 5. RETIREMENT PLAN

The Organization currently maintains a 401K tax-deferred annuity pension plan for its qualifying employees, while there was a 403(b) plan during the year ended June 30, 2009. The Organization contributes up to 5% of gross salary in addition to the employees' directed amounts. For the years ended June 30, 2010 and 2009, the Organization contributed \$11,718 and \$7,819, respectively.

NOTE 6. COMMITMENTS AND CONTINGENCIES

In 2010 and 2009, approximately 65% and 70% of the Organization's revenue was from six and five 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, 2010 AND 2009**

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2010</u>	<u>2009</u>
Native Leadership Development	\$ ---	\$40,000
Research and Event Coordination	2,352	14,999
SMSC Donation Program	21,717	21,717
Seed 2 Lead Program	14,400	---
Time Restricted for Operations	<u>101,600</u>	<u>---</u>
	<u>\$140,069</u>	<u>\$76,716</u>

NOTE 8. NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2010</u>	<u>2009</u>
Research and Event Coordination	\$ 12,647	\$ 25,000
Native Leadership Development	40,000	---
Native Philanthropy Leadership Circle and Art of Giving	---	50,000
Fundraising Curriculum	---	37,500
Enhance SMSC Donation Program	---	8,283
Seed 2 Lead Program	600	---
Time restricted for operations	<u>48,400</u>	<u>375,000</u>
	<u>\$101,647</u>	<u>\$495,783</u>

NOTE 9. BOARD DESIGNATED NET ASSETS

The Organization's Board has designated \$7,891 of unrestricted net assets to be used to establish an awards endowment.

NOTE 10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were issued, November 11, 2010. 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, 2010 AND 2009**

NOTE 11. INCOME TAX UNCERTAINTIES

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes* ("SFAS 109"). This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Pursuant to FSP FIN 48-3, FIN 48 is effective for the Organization for the fiscal year beginning after December 15, 2008. The Organization adopted the provisions of FIN 48 on January 1, 2009. FIN 48 was codified into section ASC 740 of the FASB codification during 2009.

The Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of June 30, 2010. The Organization is no longer subject to federal and state tax examinations by tax authorities for years before 2005, respectively. No authorities have commenced income tax examinations as of June 30, 2010.