

Indian Law Resource Center, Inc

Financial Statements

Years Ended December 31, 2019 and 2018



WIPFLI

Independent Auditor's Report

Board of Directors
Indian Law Resource Center, Inc.
Helena, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of Indian Law Resource Center, Inc. (the "Center"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, 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; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indian Law Resource Center, Inc. as of December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Report on Comparative Information

We have previously audited the Center's 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated June 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the period ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Wipfli LLP

November 03, 2020

Helena, Montana

Indian Law Resource Center, Inc.

Statements of Financial Position

<i>As of December 31,</i>	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 643,870	\$ 708,445
Current grants receivable, net	393,778	132,040
Accounts receivable	2,716	511
Prepaid expenses	4,585	3,192
Total current assets	1,044,949	844,188
Property and Equipment		
Net depreciable assets	4,038	5,675
Net property and equipment - at cost	4,038	5,675
Other Assets		
Deposits	1,325	1,325
Gar Creek Seminole land purchase	420,269	420,269
Investments, restricted	95,883	87,146
Investments, board restricted operating reserve	635,081	579,418
Restricted cash - operating reserve	8,398	6,173
Restricted cash	807	202
Total other assets	1,161,763	1,094,533
Total assets	\$ 2,210,750	\$ 1,944,396
Liabilities and Net Assets		
Current liabilities		
Grants and accounts payable	\$ 11,013	\$ 14,574
Accrued expenses	29,658	38,510
Current portion of capital lease	723	692
Total current liabilities	41,394	53,776
Other liabilities		
Long-term capital lease	248	972
Total other liabilities	248	972
Net assets		
Without donor restriction	180,522	463,860
With donor restriction	1,988,586	1,425,788
Total net assets	2,169,108	1,889,648
Total liabilities and net assets	\$ 2,210,750	\$ 1,944,396

See accompanying notes to financial statements.

Indian Law Resource Center, Inc.
Statements of Activities and Changes in Net Assets with Summarized Prior
Year Information

<i>Years Ended December 31,</i>	2019			2018	
	Without Donor Restriction	With Donor Restriction	Total	Total	Total
Support and revenue					
Contributions	\$ 233,057	\$ 13,276	\$ 246,333	\$ 246,596	\$ 246,596
Grants	45,549	850,575	896,124	1,054,291	1,054,291
Bequests and trusts	8,871	-	8,871	8,835	8,835
Interest	4,778	18,310	23,088	17,467	17,467
Other	67	-	67	1,123	1,123
Realized and unrealized gains (losses) on investments	(27,912)	79,413	51,501	(26,326)	(26,326)
Released from restrictions	398,776	(398,776)	-	-	-
Total support and revenue	663,186	562,798	1,225,984	1,301,986	1,301,986
Expenses					
Program services	751,869	-	751,869	810,729	810,729
Management and general	97,142	-	97,142	115,622	115,622
Fundraising	97,513	-	97,513	103,190	103,190
Total expenses	946,524	-	946,524	1,029,541	1,029,541
Change in net assets	(283,338)	562,798	279,460	272,445	272,445
Net assets, beginning of year	463,860	1,425,788	1,889,648	1,617,203	1,617,203
Net assets, end of year	\$ 180,522	\$ 1,988,586	\$ 2,169,108	\$ 1,889,648	\$ 1,889,648

See accompanying notes to financial statements.

Indian Law Resource Center, Inc.
Statements of Functional Expenses with Summarized Prior Year
Information

<i>Years Ended December 31,</i>	2019			2018	
	Program	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 473,093	\$ 54,830	\$ 64,597	\$ 592,520	\$ 588,881
Employee fringe benefits and payroll taxes	107,910	12,541	15,216	135,667	147,868
Contract services	55,692	15,720	7,653	79,065	138,930
Occupancy expenses	48,099	8,370	5,044	61,513	60,475
Travel	20,417	90	599	21,106	34,585
Telephone	10,280	2,260	1,216	13,756	13,957
Online services	12,325	-	767	13,092	13,538
Miscellaneous	10,008	846	198	11,052	7,233
Property and equipment	5,045	837	555	6,437	6,633
Insurance	4,531	1,401	312	6,244	7,219
Dues and registration	1,695	3	1,084	2,782	3,675
Supplies	872	149	103	1,124	1,718
Duplicating and printing	916	55	48	1,019	1,327
Postage and delivery	364	24	103	491	427
Hosting and meals	375	2	8	385	725
Subscriptions and books	247	14	10	271	1,629
Advertising	-	-	-	-	721
Total	\$ 751,869	\$ 97,142	\$ 97,513	\$ 946,524	\$ 1,029,541

See accompanying notes to financial statements.

Indian Law Resource Center, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2019	2018
Cash flow from operating activities		
Change in net assets	\$ 279,460	\$ 272,445
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,637	2,819
Investment income (loss)	(71,948)	(68,810)
Change in assets and liabilities		
(Increase) decrease in receivables	(263,943)	39,945
(Increase) decrease in prepaid expenses and deposits	(1,393)	(46)
Increase (decrease) in accounts payable	(3,561)	3,662
Increase (decrease) in accrued expenses	(8,852)	(7,244)
Net cash from operating activities	(68,600)	242,771
Cash flows from investing activities		
Cash payments for CD's and investments	-	(501,983)
Donated stock received	-	122,026
Cash received for sale of CD's and investments	7,548	419,996
Net cash from investing activities	7,548	40,039
Cash flows from financing activities		
Payments on capital lease payable	(693)	(661)
Net cash from financing activities	(693)	(661)
Net change in cash	(61,745)	282,149
Cash balance, beginning of period	714,820	432,671
Cash balance, end of period	\$ 653,075	\$ 714,820
Cash detail:		
Cash and cash equivalents	\$ 643,870	\$ 708,445
Restricted cash - operating reserve	8,398	6,173
Restricted cash	807	202
Total cash balance	\$ 653,075	\$ 714,820
Supplemental disclosure:		
Interest paid	\$ 31	\$ 154

See accompanying notes to financial statements.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Indian Law Resource Center, Inc. (the "Center") is a non-profit law and advocacy organization established and directed by Native Americans. The Center provides assistance to tribes and other indigenous peoples in the United States and in Central America and South America, who are working to protect their land, resources, human rights, environment and cultural heritage.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are net assets available for use in general operations and are not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions can be designated by the board for a certain purpose and are reported as board designated on the statements of financial position. As of December 31, 2019 and 2018, \$180,522 and \$463,860 were classified as net assets without donor restrictions, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions are net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed into service, or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, meaning the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Center classified \$1,988,586 and \$1,425,788 of its net assets as having donor-imposed restrictions as of December 31, 2019 and 2018, respectively.

Property and Equipment

All acquisitions and improvements of property and equipment of \$500 or more are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets. Asset lives range from 5 to 10 years.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Recognition of Donor Restrictions

The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Center considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

For the purposes of recording grants receivable, a present value factor is applied to arrive at the amounts reported. See Note 3 for further information. The Center considers grants receivable fully collectible. Accordingly, no allowance for uncollectible grants has been provided.

Investments

The Center has adopted *SFAS No. 124 Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under this standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets without donor restrictions.

General and Administrative Expenses

General and administrative expenses which are not directly chargeable to specific projects are reported as management and general.

Advertising and Promotion

The Center uses advertising to encourage contributions and to announce employment opportunities. The production costs of advertising are expensed as incurred. The Center incurred \$0 and \$721 in advertising expense during 2019 and 2018, respectively.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Center was incorporated on April 5, 1978 in Washington D.C. pursuant to the non-profit corporation act and is exempt from federal taxation under Section 501 (c) (3) of the Internal Revenue Code. It is a publicly supported non-profit organization that is not a private foundation under Section 509 (a) (2) of Internal Revenue Code and qualifies for the charitable contribution deduction for individual donors. The Center is also exempt from D.C. Corporate Franchise Tax. The Center conducts programs of public education and legal representation on issues concerning Indian peoples worldwide. It has offices in Washington D.C. and Helena, Montana.

As a matter of law, Indian Law Resource Center, Inc. is subject to examination by federal and state taxing authorities for the previous three tax years. Although management believes that the amounts reflected in their tax returns substantially comply with the applicable federal and state tax regulations, both the IRS and the various state taxing authorities can take positions contrary to their position based on IRS interpretation of the law. A tax position that is challenged by a taxing authority could result in an adjustment, which would be recorded in the year assessed on the statements of activities.

Compensated Absences

The Center accrues a liability for earned but unused vacation benefits.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. None of the Center's revenue is subject to ASC 606.

Grant awards:

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

- *Grant awards that are contributions* - Grants that qualify as contributions are invoiced to the funding sources in accordance with the terms of the award and ASC Topic 958-605. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

- *Grant awards that are exchange transactions* - Exchange transactions typically reimburse based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. The revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the years ended December 31, 2019 and 2018.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Center allocates occupancy, facility expenses, equipment renting, repairs, and software based on the percentage of hours in the projects. The other indirect expenses are allocated based on the percentage of payroll.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). This ASU provides guidance on the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The new standard supersedes current lease accounting requirements in FASB Accounting Standards Codification (ASC) Topic 840, Leases. When adopted, the amendments in the ASU must be applied using a modified retrospective approach. ASU No. 2016-02 is effective for nonpublic companies for annual periods beginning after December 15, 2021. The Center is currently evaluating the impact of the provisions of ASC 842.

On June 21, 2018, the FASB issued ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The entity has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated.

In June 2018, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230) - *Restricted Cash*. The amendments in ASU No. 2016-18 address the classification and presentation of changes in restricted cash and cash equivalents, which are now required to be explained on the statement of cash flows. The Center adopted this guidance on a retrospective basis as of July 1, 2019.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Center has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 03, 2020, which is the date the financial statements were available to be issued.

Beginning in March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, followed by multiple jurisdictions in the United States declaring a state of emergency. The Center cannot reasonably estimate the length or severity of this pandemic or the future impact of the economic changes as a result of the pandemic.

In light of the COVID-19 outbreak, the Center applied for a PPP loan for \$101,500 on April 7, 2020. The maturity of the loan is April 7, 2022.

Note 2: Concentration of Credit Risk

The Center maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Center has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Note 3: Grants Receivable

<i>As of December 31,</i>	2019	2018
Within one year	\$ 400,000	\$ 135,000
More than one year	-	-
Less: Discounts for the time-value of money	(6,222)	(2,960)
Current grant receivable (net of long term portion)	\$ 393,778	\$ 132,040

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 4: Property and Equipment

<i>As of December 31,</i>	2019		2018	
Furniture and fixtures	\$	25,923	\$	25,923
Office equipment		90,328		90,328
Research library		28,787		28,787
Leasehold improvements		5,331		5,331
		150,369		150,369
Accumulated depreciation		(146,331)		(144,694)
Total property and equipment, net	\$	4,038	\$	5,675

The depreciation expense was \$1,637 and \$2,819 for the years ended December 31, 2019 and 2018.

Note 5: Gar Creek Seminole Land Purchase

The Center began work in 1998 to assist the Gar Creek Seminoles of Oklahoma in acquiring land for use for their cultural preservation and ceremonial purposes. To this end, 590 acres in Seminole County, Oklahoma were purchased with a grant from Lannan Foundation. A new non-profit corporation has been formed to which the land will be transferred at a future date.

Note 6: Investments

Investments are carried at fair market value. Investments are as follows:

<i>As of December 31,</i>	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 699,296	\$ 730,694	\$ 687,353	\$ 666,564

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 7: Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no assets requiring the use of Level 3 inputs for the periods presented.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used as of December 31, 2019 and 2018.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Center are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The following tables set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of December 31, 2019 and 2018. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

	Total Assets at Fair Value	Recurring Fair Value Measurements Using Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2019				
Mutual funds	\$ 730,964	\$ 730,964	\$ -	-

	Total Assets at Fair Value	Recurring Fair Value Measurements Using Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2018				
Mutual funds	\$ 666,564	\$ 666,564	\$ -	-

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 7: Fair Value Measurements (Continued)

Transfers Between Levels

For the years ended December 31, 2019 and 2018, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

<i>Years ended December 31,</i>	2019	2018
Time restricted:		
General operations	\$ 244,863	\$ -
Total time restricted	244,863	-
Purpose restricted:		
Kuskowim Watershed	8,066	8,066
Safe Women Strong Nations	45,958	1,561
Guatemala	-	35,000
Transition	25,000	25,000
ADRIP	-	46,868
Native Rights and Tribal Sovereignty	-	50,000
MDB	45,245	161,709
Rapa Nui	1,130	2,000
Seminole land purchase	420,269	420,269
Operating reserve endowment	502,000	502,000
Endowment and accumulated earnings	204,895	107,171
Brazil	424,416	-
Total purpose restricted	1,676,979	1,359,644
Perpetuity restricted:		
Fellowship endowment	66,744	66,144
Total perpetuity restricted	66,744	66,144
Total	\$ 1,988,586	\$ 1,425,788

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 8: Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

<i>Years ended December 31,</i>	2019	2018
Time restricted:		
General operations	\$ 5,137	\$ 857,950
Purpose restricted:		
Safe Women Strong Nations	15,738	14,706
Land Titling	-	26,134
Guatemala	-	35,000
ADRIP	46,868	43,366
Native Rights and Tribal Sovereignty	50,000	50,000
MDB	118,249	85,075
Rapa Nui	900	-
Human Rights	100	-
Guatemala	36,070	-
Brazil	125,674	-
Conservation handbook	40	-
Total	\$ 398,776	\$ 1,112,231

In 2000, the Center's Board of Directors established a permanent endowment fund.

In 2013, the Center received a grant from the Ford Foundation of \$500,000 for an operating reserve fund, which is required to be classified as net assets with donor restrictions. The grant term began September 1, 2013 and ended December 31, 2016. The funds continue to be held in the operating reserve fund. According to the restrictions established by the Ford Foundation, the reserve fund can be used only under very narrowly defined circumstances for operational expenses. When funds are withdrawn from the reserve, a plan for repayment of the funds to the reserve must be established. The reserve fund is managed according to a written plan adopted by the Center's Board and approved by the Ford Foundation.

As of December 31, 2019 and 2018 the restricted into perpetuity balance was \$568,744 and \$568,144, respectively (See Note 11).

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 9: Functional Classification of Expenses

The Center allocates general and administrative expenses to its programs in order to accurately account for program costs. The allocation is based on direct expenses and direct time incurred by each program and has been allocated as follows for the years ended December 31:

<i>2019</i>	Direct Operating Expenses	Management and General Expenses	Total
Program services	\$ 751,869	\$ 83,848	\$ 835,717
Fundraising	97,513	13,294	110,807
Total	\$ 849,382	\$ 97,142	\$ 946,524

<i>2018</i>	Direct Operating Expenses	Management and General Expenses	Total
Program services	\$ 810,729	\$ 106,907	\$ 917,636
Fundraising	103,190	8,715	111,905
Total	\$ 913,919	\$ 115,622	\$ 1,029,541

Note 10: Montana Community Foundation

In October 1998, the Indian Law Resource Center was designated the beneficiary of a charitable remainder annuity trust in the amount of \$100,000. As a condition of the trust, assets of the trust are owned by the Montana Community Foundation. In January 1999, the Center received a second trust from the same donor, also in the amount of \$100,000. During 2002, the donor of the two trusts passed away. As established in the original trust agreements, the principal of the two trusts was then transferred to the Indian Law Resource Center Endowment at the Montana Community Foundation. As of December 31, 2019 and 2018, the principal balance of the Endowment was \$198,465 and \$179,570, respectively. The endowment is not carried as an asset on the statements of financial position since the Center does not have variance power over the endowment.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 11: Endowment Funds

The endowment consists of numerous individual funds established for a variety of purposes. The Center's endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Center classifies as endowment assets restricted into perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in assets restricted into perpetuity is classified as restricted for purpose until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by the MUPMIFA. In accordance with MUPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Center and the donor-restricted endowment fund;
3. General economic conditions;
4. The expected total return from income and the appreciation of investments;
5. Other resources of the Center; and
6. The investment policies of the Center.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 11: Endowment Funds (Continued)

Change in net asset composition by type of fund for the years ended December 31, 2019 and 2018 is as follows:

	Restricted for purpose	Restricted into perpetuity	Total
Endowment Net Assets, January 1, 2018	\$ 111,659	\$ 567,294	\$ 678,953
Investment Return			
Investment income	24,351	-	24,351
Net depreciation	(28,839)	-	(28,839)
Total investment loss	(4,488)	-	(4,488)
Grants and contributions	-	850	850
Endowment Net Assets, December 31, 2018	107,171	568,144	675,315
Investment Return			
Investment income	18,311	-	18,311
Net appreciation	79,413	-	79,413
Total investment return	97,724	-	97,724
Grants and contribution	-	600	600
Endowment Net Assets, December 31, 2019	\$ 204,895	\$ 568,744	\$ 773,639

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Center to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019 and 2018.

Return Objectives and Risk Parameters

The Center has adopted an investment and spending approach for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 11: Endowment Funds (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Center targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How Investment Objectives Relate to Spending Policy

The Center has an approach of appropriating for distribution each year 5% or less of its endowment fund's average fair value over the prior 3 years through the calendar year-end preceding the fiscal year in which the distribution is planned, assuming this does not result in withdrawal of principal. In establishing this approach, the Center considered the long-term expected return on its endowment. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 12: Liquidity and Availability of Financial Resources

The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Center's financial assets as of December 31, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

<i>As of December 31,</i>	2019
Financial assets as of year-end:	
Cash	\$ 653,075
Grants receivable	393,778
Accounts receivable - net	2,716
Investments	730,964
Total financial assets	1,780,533
Less: amounts restricted by donors	(1,568,317)
Financial assets available to meet general expenditures within one year	\$ 212,216

Indian Law Resource Center, Inc.

Notes to Financial Statements

Note 13: Retirement Plan

In July 1991, the Center started a defined contribution retirement plan. The Center contributed 7% of compensation of those eligible to participate in the plan until June 2018, then the amount changed to 2% of compensation. Total contributions for 2019 and 2018 were \$5,903 and \$25,574, respectively.

Note 14: Commitments

The Center has the following lease agreements for office space:

Washington, DC - The Center entered into a three-year lease beginning June 1, 2019 and extending until June 30, 2022. The rent was \$2,500 per month until July 1, 2019 when rent was increased to \$2,800 per month.

Note 15: Related Parties

The Center rents its Helena, Montana office space from the Center's executive director. The terms of the lease state that "the annual rent shall not exceed the total of principal, interest, taxes and insurance that is payable by Lessors each year." Thus, the rent amount is adjusted each year to reflect changes in these items. Beginning in 2018, the agreement changed to the Center no longer paying the property taxes. Accordingly, the Center paid \$0 in 2019 and \$4,104 in property taxes in 2018. No rent was paid by the Center in 2019 or 2018 and the entire amount of \$20,000 per year, was donated by the Center's executive director.