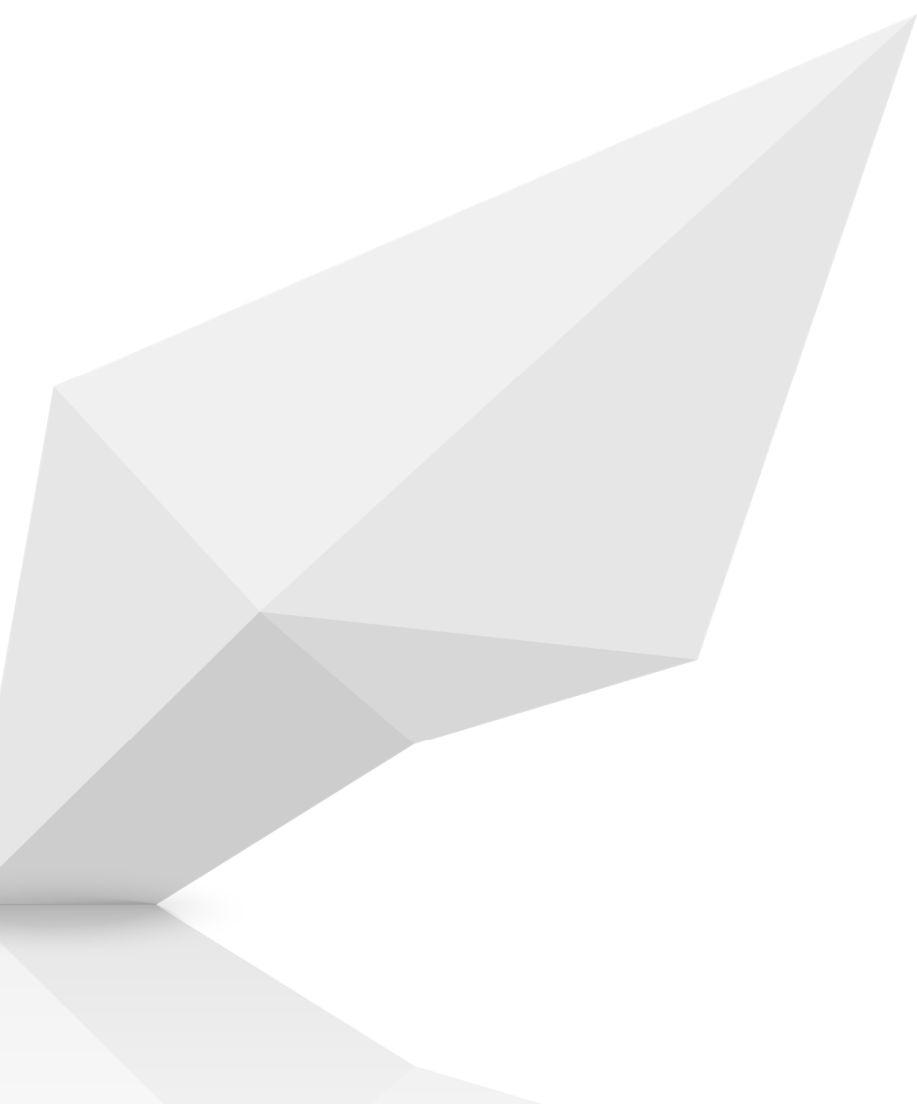


# Indian Law Resource Center, Inc

Financial Statements

Years Ended December 31, 2020 and 2019



**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, 2020, 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, 2020 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 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the period ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, Supplemental Statements of Other Programs' Functional Support, Revenue and Expenses for the years ended December 31, 2020, and 2019, appearing on pages 22 through 25 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Wipfli LLP

June 16, 2021  
Helena, Montana

# Indian Law Resource Center, Inc.

## Statements of Financial Position

<i>As of December 31,</i>	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,168,390	\$ 643,870
Grants receivable, net	100,000	393,778
Accounts receivable	1,532	2,716
Prepaid expenses	5,135	4,585
Total current assets	1,275,057	1,044,949
Net property and equipment - at cost	3,363	4,038
<b>Other Assets</b>		
Deposits	1,325	1,325
Gar Creek Seminole land purchase	420,269	420,269
Investments, restricted	104,850	95,883
Investments, restricted operating reserve	522,545	635,081
Restricted cash - operating reserve	6,565	8,398
Restricted cash	755	807
Total other assets	1,056,309	1,161,763
Total assets	\$ 2,334,729	\$ 2,210,750
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Grants and accounts payable	\$ 1,098	\$ 11,013
Accrued expenses	31,965	29,658
Current portion of capital lease	248	723
Total current liabilities	33,311	41,394
<b>Other liabilities</b>		
Long-term capital lease	-	248
Total other liabilities	-	248
<b>Net assets</b>		
Without donor restriction	548,474	180,522
With donor restriction	1,752,944	1,988,586
Total net assets	2,301,418	2,169,108
Total liabilities and net assets	\$ 2,334,729	\$ 2,210,750

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>	2020			2019	
	Without Donor Restriction	With Donor Restriction	Total	Total	
Support and revenue					
Contributions	\$ 280,882	\$ 43,345	\$ 324,227	\$ 246,333	
Grants	160,651	481,285	641,936	896,124	
Bequests and trusts	8,923	-	8,923	8,871	
Interest	313	18,605	18,918	23,088	
SBA PPP Loan and EIDL	111,382	-	111,382	-	
Rental income	2,760	-	2,760	-	
Other	302	-	302	67	
Realized and unrealized gains (losses) on investments	51,842	(4,043)	47,799	51,501	
Released from restrictions	774,834	(774,834)	-	-	
<b>Total support and revenue</b>	<b>1,391,889</b>	<b>(235,642)</b>	<b>1,156,247</b>	<b>1,225,984</b>	
Expenses					
Program services	830,522	-	830,522	751,869	
Management and general	130,577	-	130,577	97,142	
Fundraising	62,838	-	62,838	97,513	
<b>Total expenses</b>	<b>1,023,937</b>	<b>-</b>	<b>1,023,937</b>	<b>946,524</b>	
Change in net assets	367,952	(235,642)	132,310	279,460	
Net assets, beginning of year	180,522	1,988,586	2,169,108	1,889,648	
<b>Net assets, end of year</b>	<b>\$ 548,474</b>	<b>\$ 1,752,944</b>	<b>\$ 2,301,418</b>	<b>\$ 2,169,108</b>	

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>	2020			2019	
	Program	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 545,025	\$ 68,573	\$ 40,212	\$ 653,810	\$ 592,520
Employee fringe benefits and payroll taxes	117,332	13,531	8,655	139,518	135,667
Contract services	61,053	31,722	372	93,147	79,065
Occupancy expenses	49,645	9,867	4,380	63,892	61,513
Travel	21,559	-	-	21,559	21,106
Telephone	10,359	1,632	735	12,726	13,756
Online services	4,178	50	5,710	9,938	13,092
Miscellaneous	11,851	2,885	944	15,680	11,052
Property and equipment	2,053	1,251	188	3,492	6,437
Insurance	4,388	956	322	5,666	6,244
Dues and registration	1,756	11	1,015	2,782	2,782
Supplies	879	68	36	983	1,124
Duplicating and printing	208	24	13	245	1,019
Postage and delivery	27	4	254	285	491
Hosting and meals	209	3	2	214	385
Subscriptions and books	-	-	-	-	271
<b>Total</b>	<b>\$ 830,522</b>	<b>\$ 130,577</b>	<b>\$ 62,838</b>	<b>\$ 1,023,937</b>	<b>\$ 946,524</b>

See accompanying notes to financial statements.

# Indian Law Resource Center, Inc.

## Statements of Cash Flows

<i>Years Ended December 31,</i>	2020	2019
Cash flow from operating activities		
Change in net assets	\$ 132,310	\$ 279,460
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	675	1,637
Investment activity	(66,714)	(71,948)
Change in assets and liabilities		
(Increase) decrease in receivables	294,962	(263,943)
(Increase) decrease in prepaid expenses and deposits	(550)	(1,393)
Increase (decrease) in accounts payable	(9,915)	(3,561)
Increase (decrease) in accrued expenses	2,307	(8,852)
Net cash from operating activities	353,075	(68,600)
Cash flows from investing activities		
Cash received from sales CD's and investments	81,000	7,548
Donated stock received	128,127	-
Cash payments for purchases of CD's and investments	(38,844)	-
Net cash from investing activities	170,283	7,548
Cash flows from financing activities		
Payments on capital lease payable	(723)	(693)
Net cash from financing activities	(723)	(693)
Net change in cash	522,635	(61,745)
Cash balance, beginning of period	653,075	714,820
Cash balance, end of period	\$ 1,175,710	\$ 653,075
Cash detail:		
Cash and cash equivalents	\$ 1,168,390	\$ 643,870
Restricted cash - operating reserve	6,565	8,398
Restricted cash	755	807
Total cash balance	\$ 1,175,710	\$ 653,075
Supplemental disclosure:		
Interest paid	\$ 882	\$ 31

See accompanying notes to financial statements.

# Indian Law Resource Center, Inc.

## Notes to Financial Statements

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### 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 North, Central, 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. As of December 31, 2020 and 2019, \$548,474 and \$180,522 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 \$1,752,944 and \$1,988,586 of its net assets as having donor-imposed restrictions as of December 31, 2020 and 2019, 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

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### **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 and changes in net assets 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 reports 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.

# Indian Law Resource Center, Inc.

## Notes to Financial Statements

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### 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

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* - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.
- *Grant awards that are exchange transactions* - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. 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. Amounts received in excess of recognized revenue are reflected as a contract liability. There were no grant awards that were considered exchange transactions during the years ended December 31, 2020 and 2019.

# Indian Law Resource Center, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. 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.

#### **Summarized Prior Year Financial Information**

The financial statements include certain summarized prior year financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2019, from which the summarized financial information was derived.

#### **Subsequent Events**

The Center has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 16, 2021, which is the date the financial statements were available to be issued.

The Center applied for and received a Paycheck Protection Program Second Draw Loan for \$140,682 on January 25, 2021. The maturity of the loan is January 25, 2026 and is eligible for forgiveness if certain qualifying conditions are met and applied for.

### **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.

# Indian Law Resource Center, Inc.

## Notes to Financial Statements

### Note 3: Grants Receivable

<i>As of December 31,</i>	2020	2019
Within one year	\$ 100,000	\$ 400,000
More than one year	-	-
Less: Discounts for the time-value of money	-	(6,222)
<b>Current grant receivable (net of long term portion)</b>	<b>\$ 100,000</b>	<b>\$ 393,778</b>

### Note 4: Property and Equipment

<i>As of December 31,</i>	2020	2019
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	(147,006)	(146,331)
<b>Property and equipment, net</b>	<b>\$ 3,363</b>	<b>\$ 4,038</b>

The depreciation expense was \$675 and \$1,637 for the years ended December 31, 2020 and 2019.

### 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.

# Indian Law Resource Center, Inc.

## Notes to Financial Statements

### Note 6: Investments

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

As of December 31,	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 566,707	\$ 627,395	\$ 699,296	\$ 730,964

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.

### 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, 2020 and 2019.

*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.

# Indian Law Resource Center, Inc.

## Notes to Financial Statements

### Note 7: Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Center's investment assets at fair value as of December 31, 2020 and 2019. 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, 2020				
Mutual funds	\$ 627,395	\$ 627,395	\$ -	-

	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	\$ -	-

#### Transfers Between Levels

For the years ended December 31, 2020 and 2019, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

# Indian Law Resource Center, Inc.

## Notes to Financial Statements

### 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>	2020	2019
Time restricted:		
General operations	\$ 119,863	\$ 244,863
Total time restricted	119,863	244,863
Purpose restricted:		
Kuskowim Watershed	8,066	8,066
Safe Women Strong Nations	79,061	45,958
Guatemala	11,285	-
Transition	25,000	25,000
Native Rights and Tribal Sovereignty	3,176	-
MDB	151,386	45,245
Rapa Nui	-	1,130
Seminole land purchase	420,269	420,269
Endowment and accumulated earnings	65,360	204,895
Brazil	247,944	424,416
Capacity Building	10,000	-
Catalyst Fellowship	21,490	-
Conservation handbook	20,700	-
Total purpose restricted	1,063,737	1,174,979
Perpetuity restricted:		
Fellowship endowment	67,344	66,744
Operating reserve endowment	502,000	502,000
Total perpetuity restricted	569,344	568,744
Total	\$ 1,752,944	\$ 1,988,586

# 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>	2020	2019
Time restricted:		
General operations	\$ 125,000	\$ 5,137
Purpose restricted:		
Safe Women Strong Nations	57,657	15,738
ADRIP	-	46,868
Native Rights and Tribal Sovereignty	100	50,000
MDB	94,138	118,249
Rapa Nui	1,130	900
Human Rights	-	100
Guatemala	35,135	36,070
Catalyst Fellowship	38,510	-
Brazil	261,527	125,674
Conservation handbook	1,850	40
Endowment and accumulated earnings	159,787	-
<b>Total</b>	<b>\$ 774,834</b>	<b>\$ 398,776</b>

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, 2020 and 2019 the restricted into perpetuity balance was \$569,344 and \$568,744, 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>2020</i>	Direct Operating Expenses	Management and General Expenses	Total
Program services	\$ 830,522	\$ 122,102	\$ 952,624
Fundraising	62,838	8,475	71,313
<b>Total</b>	<b>\$ 893,360</b>	<b>\$ 130,577</b>	<b>\$ 1,023,937</b>

<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
<b>Total</b>	<b>\$ 849,382</b>	<b>\$ 97,142</b>	<b>\$ 946,524</b>

### 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, 2020 and 2019, the principal balance of the Endowment was \$213,167 and \$198,465, 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

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### 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, 2020 and 2019 is as follows:

	Restricted for purpose	Restricted into perpetuity	Total
Endowment Net Assets, January 1, 2019	\$ 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 contributions	-	600	600
Endowment Net Assets, December 31, 2019	204,895	568,744	773,639
Investment Return			
Investment income	17,063	-	17,063
Net appreciation	3,189	-	3,189
Total investment return	20,252	-	20,252
Grants and contribution	-	600	600
Releases	(159,787)	-	(159,787)
Endowment Net Assets, December 31, 2020	\$ 65,360	\$ 569,344	\$ 634,704

#### *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, 2020 and 2019.

#### *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

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### **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 no more than 5% 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, 2020, 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>	2020
Financial assets as of year-end:	
Cash	\$ 1,175,710
Grants receivable - net	100,000
Accounts receivable	1,532
Investments	627,395
<b>Total financial assets</b>	<b>1,904,637</b>
<b>Less: amounts restricted by donors</b>	<b>(1,332,675)</b>
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 571,962</b>

# Indian Law Resource Center, Inc.

## Notes to Financial Statements

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### **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 2020 and 2019 were \$14,190 and \$5,975, 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 is \$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. No rent was paid by the Center in 2020 or 2019 and the entire amount of \$20,000 per year, and property taxes of \$4,922 in 2020, was donated by the Center's executive director.

### **Note 16: PPP Loan**

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small businesses cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic. The Center applied for and received a PPP loan of \$101,500 under this program. The Center applied for full loan forgiveness and received forgiveness notification from the SBA that the loan was fully forgiven on February 19, 2021. As allowed under applicable guidance, the income is recognized as conditional grant income on the 2020 financial statements.

### **Note 17: Risks and Uncertainties**

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Center had not yet suffered material adverse impact from the CV19 Crisis. The future impact of the CV19 Crisis on the Center, cannot be reasonably estimated at this time.