

**NATIVE AMERICAN PROFESSIONAL PARENT
RESOURCES, INC.**

FINANCIAL REPORT

JUNE 30, 2008

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.

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Kharyn L. Cover, CPA, P.C.

Independent Auditor's Report

Board of Directors
Native American Professional Parent Resources, Inc.

I have audited the accompanying statement of financial position of Native American Professional Parent Resources, Inc. (NAPPR) as of June 30, 2008 and 2007, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of NAPPR's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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. I believe my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAPPR as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for years then ended in conformity with accounting principles generally accepted in the United States of America.

Kharyn Cover, CPA, PC

Albuquerque, New Mexico
February 10, 2009

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash (Note 2)	\$ 92,091	110,281
Grant and other program receivables (Note 5)	142,896	106,831
Pledges receivable (Note 3)	69,504	101,538
Prepaid expenses	45,789	23,435
Total current assets	<u>350,280</u>	<u>342,085</u>
PROPERTY AND EQUIPMENT		
Equipment	42,267	42,267
Accumulated depreciation	<u>(37,891)</u>	<u>(35,172)</u>
	<u>4,376</u>	<u>7,095</u>
Total assets	<u>\$ 354,656</u>	<u>349,180</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 42,827	33,810
Accrued liabilities	71,323	46,523
Deferred revenue	43,386	9,919
Total current liabilities	<u>157,536</u>	<u>90,252</u>
COMMITMENTS AND CONTINGENCIES (Notes 4 and 5)		
NET ASSETS		
Unrestricted	127,616	138,925
Temporarily restricted net assets (Note 6)	<u>69,504</u>	<u>120,003</u>
Total net assets	<u>197,120</u>	<u>258,928</u>
Total liabilities and net assets	<u>\$ 354,656</u>	<u>349,180</u>

The Notes to Financial Statements are an integral part of this Statement.

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2008 and 2007

	2008	2007
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Medicaid (Note 5)	\$ 733,833	523,564
Grants and contracts:		
NM Dept of Health (Note 5)	253,261	370,962
Indian Health Services	230,023	233,820
Administration for Native Americans	254,641	103,084
Administration for Children and Families	19,377	16,822
NM Dept of Children Youth and Families	20,595	5,695
Contributions	4,868	3,694
Donated advertising and meeting space	27,743	-
Interest and other	55	64
	<u>1,544,396</u>	<u>1,257,705</u>
Net assets released from restriction – (Note 6)	120,003	11,535
Total support and revenue	<u>1,664,399</u>	<u>1,269,240</u>
EXPENSES		
Program services		
Administration for Native Americans	282,384	103,084
Dental Support	230,238	232,887
Early intervention	1,049,145	874,913
Home visits	73,509	22,394
	<u>1,635,276</u>	<u>1,233,278</u>
Management and general	33,802	20,557
Fundraising	6,630	1,982
Total expenses	<u>1,675,708</u>	<u>1,255,817</u>
Changes in unrestricted net assets	<u>(11,309)</u>	<u>13,423</u>
TEMPORARILY RESTRICTED NET ASSETS (Note 6)		
New pledges receivable	69,504	131,538
Release of time restrictions	<u>(120,003)</u>	<u>(11,535)</u>
Change in temporarily restricted net assets	<u>(50,499)</u>	<u>120,003</u>
Change in total net assets	(61,808)	133,426
Net assets at beginning of year	<u>258,928</u>	<u>125,502</u>
Net assets at end of year	<u>\$ 197,120</u>	<u>258,928</u>

The Notes to Financial Statement are an integral part of this Statement.

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.
STATEMENT OF CASH FLOWS
Years Ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (61,808)	133,426
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,719	5,419
Change in receivables	469	(95,284)
Change in prepaid expenses	(22,354)	(19,650)
Change in accounts payable and accrued expenses	29,317	(10,439)
Change in deferred revenue	<u>33,467</u>	<u>9,919</u>
Net cash provided by operating activities	(18,190)	23,391
Cash at beginning of year	<u>110,281</u>	<u>86,890</u>
Cash at end of year	<u>\$ 92,091</u>	<u>110,281</u>

The Notes to Financial Statements are an integral part of this Statement.

Native American Professional Parent Resources, Inc
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2008

	Administration for Native Americans	Dental Support	Early Intervention	Home Visits	Program Support	Total Program Services	Management and General	Fund- Raising	Total Expenses
Salaries and wages	\$ 59,435	95,580	447,181	33,745	4,812	640,753	105,406	5,262	751,421
Payroll taxes	3,736	6,778	31,910	2,634	427	45,485	8,559	380	54,424
Employee benefits	7,556	12,786	61,224	2,437	-	84,003	20,043	5	104,051
Total personnel	70,727	115,144	540,315	38,816	5,239	770,241	134,008	5,647	909,896
Advertising and public relations	55,265	22,215	1,240	1,001	-	79,721	11,191	-	90,912
Conferences	192	3,454	1,025	577	-	5,248	2,298	-	7,546
Depreciation	408	353	1,740	122	-	2,623	82	13	2,718
Insurance	4	8	46	8	-	66	6,200	-	6,266
Mileage, travel and per diem	1,057	6,728	46,911	7,754	-	62,450	6,233	-	68,683
Supplies	6,462	5,428	13,092	5,434	-	30,416	19,776	40	50,232
Field trips and play groups	56	-	-	4,306	-	4,362	-	-	4,362
Professional fees	80,887	36,262	2,657	1,860	-	121,666	35,596	-	157,262
Rent and utilities	8,981	-	30,609	1,738	306	41,634	28,424	-	70,058
Repairs and maintenance	52	19	-	-	-	71	11,192	-	11,263
Subscriptions, dues and resources	-	305	-	61	-	366	253	-	619
Telephone	1,282	970	11,127	1,126	53	14,558	2,211	-	16,769
Therapy services	-	-	235,293	776	-	236,069	-	-	236,069
Donated advertising & meeting space	27,743	-	-	-	-	27,743	-	-	27,743
Other expenses	154	3,272	3,140	(20)	-	6,546	8,764	-	15,310
Administrative allocations	29,114	36,080	161,950	9,950	(5,598)	231,496	(232,426)	930	-
Total expenses	\$ 282,384	230,238	1,049,145	73,509	-	1,635,276	33,802	6,630	1,675,708

The Notes to Financial Statements are an integral part of this statement.

Native American Professional Parent Resources, Inc
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2007

	Administration for Native Americans	Dental Support	Early Intervention	Home Visits	Program Support	Total Program Services	Management and General	Fund- Raising	Total Expenses
Salaries and wages	\$ 50,968	93,099	423,482	15,774	1,293	584,616	23,506	1,767	609,889
Payroll taxes	3,960	7,831	33,307	881	85	46,064	1,117	129	47,310
Employee benefits	6,539	15,844	58,644	(9)	7,286	88,304	9,823	-	98,127
Total personnel	61,467	116,774	515,433	16,646	8,664	718,984	34,446	1,896	755,326
Advertising and public relations	200	7,533	354	381	-	8,468	2,303	-	10,771
Conferences	4,434	1,068	1,630	-	-	7,132	313	-	7,445
Depreciation	464	1,041	3,732	94	-	5,331	79	9	5,419
Insurance	13	483	1,969	-	-	2,465	1,440	-	3,905
Mileage, travel and per diem	2,783	5,005	46,615	2,109	-	56,512	490	-	57,002
Supplies	7,435	14,958	14,883	758	-	38,034	9,025	-	47,059
Professional fees	15,452	69,825	5,020	171	-	90,468	9,377	-	99,845
Rent and utilities	3,827	1,676	37,840	988	1,784	46,115	3,316	-	49,431
Repairs and maintenance	216	391	3,525	-	-	4,132	1,689	-	5,821
Subscriptions, dues and resources	135	250	3,374	-	-	3,759	1,244	-	5,003
Telephone	1,055	743	11,116	172	230	13,316	661	-	13,977
Therapy services	-	-	182,085	-	-	182,085	-	-	182,085
Other expenses	316	3,987	5,291	-	-	9,594	3,134	-	12,728
administrative allocations	5,287	9,153	42,046	1,075	(10,678)	46,883	(46,960)	77	-
Total expenses	\$ 103,084	232,887	874,913	22,394	-	1,233,278	20,557	1,982	1,255,817

The Notes to Financial Statements are an integral part of this statement.

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Native American Professional Parent Resources, Inc. (NAPPR) is a New Mexico not-for-profit organization that provides direct services to Native American children and families and support services to Indian Health Service dental clinics. Additionally, service coordination is performed to assist and enable a child (birth to three years of age) and the child's family to receive early intervention services. NAPPR receives their financial support from federal, state and local government grants, Medicaid, unsolicited contributions, United Way, and other fund-raising events. The programs operated by NAPPR are as follows:

- *Administration for Native Americans.* Three year project to develop a culturally relevant model of primary prevention for child abuse and neglect in Native American communities.
- *Dental Support.* Support through training, technical assistance and best practices to assist the Indian Health Service Dental clinics in improving oral health care for Native Americans.
- *Early Intervention.* Direct developmental service and service coordination to enhance the developmental outcomes of Native American infants/toddlers with special needs and their families.
- *Home Visits.* Parenting education and health promotion activities for first time pregnant women and first time parents through a home based program.

Basis of Presentation. The accompanying financial statements are prepared in accordance with the Not-for-Profit Organizations Audit Guide issued by the American Institute of Certified Public Accountants. Net assets of NAPPR and changes therein are classified and reported as follows:

Unrestricted Net Assets. Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily Restricted Net Assets. Net assets that are subject to donor-imposed stipulations that may or will be met by the occurrence of a specific event or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of activities as net assets released from restrictions. This category also includes pledges receivable, as they are time restricted until received.

Permanently Restricted Net Assets. Net assets required to be maintained in perpetuity, with only the income used for operating activities, due to donor imposed restrictions. NAPPR has no permanently restricted net assets.

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue and Receivables. Cost-reimbursement grants and contracts are recorded as revenue when the related costs are incurred. Fee for services grants and contracts, are recorded as revenue when the related services have been performed. Receivables at year-end consist of contract receivables from federal and state agencies. As such, no allowance for doubtful accounts has been established.

Contributions. Contributions received, including unconditional promises to give, are recorded in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Non-cash donations are recorded at their estimated fair value at the date of donation.

Donated Services. NAPPR recognizes any donated services that require specific expertise to perform the services that otherwise would have been paid for if not donated. The value of such services is recorded at the fair value of such services. A number of volunteers have donated substantial time to activities of the NAPPR, however no amounts have been reflected in the accompanying financial statements for such services, as they do not meet the above criteria.

Property and Equipment. Purchased property and equipment is recorded at cost. Donated property is recorded at the estimated fair value at the date of donation. Assets are capitalized that have a cost in excess of \$5,000. Maintenance, repairs and renewals, which neither materially add to the value nor appreciably prolong its life, are expensed. Depreciation on buildings and equipment is calculated on the straight-line method over the estimated useful lives of the assets.

Income Taxes. NAPPR is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses. The costs of providing the fund-raising activities, various programs and supporting services have been allocated to functions based on payroll hours, square footage utilized and/or actual expenses incurred in the Statement of functional expenses. Accordingly, certain costs have been allocated among the fund-raising activities, programs and supporting services benefited.

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Advertising. NAPPR uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred.

Deferred Revenue. Deferred revenue represents advance payments on grant agreements for which the related costs have not yet been incurred. The receipts are recognized as revenue in the period that the related costs or contract performance have been incurred.

NOTE 2. CASH

NAPPR has cash on deposit in a local bank, which is insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2008, NAPPR had \$16,657 in excess of the FDIC limit for insured funds. To date, NAPPR has not experienced any losses as a result of this excess, and management does not believe the organization is subject to significant risks due to this condition.

NOTE 3. PLEDGES RECEIVABLE

During the spring each year, NAPPR is notified of the amount of allocation of United Way funds it will be receiving during the upcoming year from July through June. The amount of the expected funding from United Way is recorded as a pledge receivable in the year in which notification is received. It is recognized as temporarily restricted contributions in the statements of activities until funds are received, at which time it is recorded as a release from restriction. As of June 30, 2008 and 2007, \$68,804 and \$71,538, respectively, was expected to be received from United Way during the upcoming fiscal year.

Additionally, during the year-ended June 30, 2007, NAPPR received a notice of an award from Con Alma Health Foundation in the amount of \$60,000 for the NAPPR Native Maternal / Infant Urban Outreach Program. The amount of the expected funding from Con Alma is recorded as a pledge receivable in the year in which notification is received. It is recognized as temporarily restricted contributions in the statements of activities until funds are received and ultimately spent for their intended purpose, at which time it is recorded as a release from restriction. During the year -ended June 30, 2008, NAPPR completed this project. As of June 30, 2007, \$30,000 was expected to be received during the upcoming fiscal year.

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4. CONTINGENCIES

Grants received from outside agencies expended by NAPPR are subject to fiscal and/or program compliance audits by the grantors, which may result in disallowed expenditures. At June 30, 2008, there were no material claims pending for disallowed expenditures that have not been recorded in the financial statements.

NOTE 5. CONCENTRATION

NAPPR receives a substantial amount of support from grants and contracts with the NM Department of Health. Should this funding be discontinued, NAPPR's ability to continue as a going concern would be seriously impaired. The percentage of this funding totaled 59 and 70 percent of all revenue during 2008 and 2007, respectively. As of June 30, 2008 and 2007, \$94,721 and \$92,177, respectively, was receivable from the NM Department of Health.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	2008	2007
Pledges receivable:		
United Way – Child & Family Services	\$ 68,804	71,538
Con Alma – Native Maternal / Infant Urban Outreach Program	-	30,000
March of Dimes	700	-
Total pledges receivable	<u>69,504</u>	<u>101,538</u>
Con Alma – Native Maternal / Infant Urban Outreach Program	<u>-</u>	<u>18,465</u>
	<u>\$ 69,504</u>	<u>120,003</u>

Net assets were released from donor restrictions by the passage of program and time restrictions or by other events specified by donors:

	2008	2007
United Way – Child & Family Services	\$ 71,538	-
Con Alma – Native Maternal / Infant Urban Outreach Program	<u>48,465</u>	<u>11,535</u>
	<u>\$ 120,003</u>	<u>11,535</u>

NATIVE AMERICAN PROFESSIONAL PARENT RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7. PENSION PLAN

NAPPR started a 403(b) retirement plan during fiscal year ended June 30, 2005. NAPPR can elect to make a matching contribution for each eligible employee. NAPPR did not match any funds of plan participants during the current year.

NOTE 8. LEASE COMMITMENT

NAPPR leases the office spaces in which it conducts its operations in Albuquerque, New Mexico. On February 7, 2007, NAPPR signed a five-year lease commencing August 1, 2007 and expiring June 30, 2012. The office lease requires monthly rent of \$6,200 plus \$500 for utilities, with annual increase of three percent for rent and utilities. The lease requirements under this lease for the next five years are as follows:

Year ended June 30

2009	\$ 80,400
2010	\$ 82,812
2011	\$ 85,296
2012	\$ 87,855