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Native
American
Rights Fund

Annual
Report 1985

NATIVE AMERICAN RIGHTS FUND

The Native American Rights Fund is a non-profit organization specializing in the protection of Indian rights. The priorities of NARF are: (1) the preservation of tribal existence; (2) the protection of tribal natural resources; (3) the promotion of human rights; (4) the accountability of governments to Native Americans; and (5) the development of Indian law.

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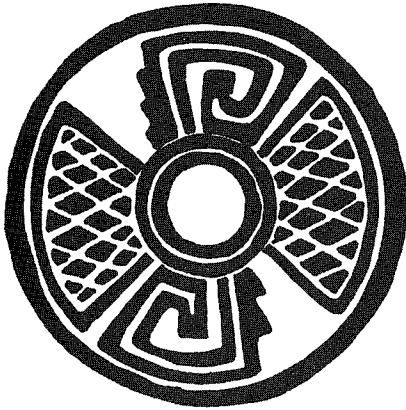
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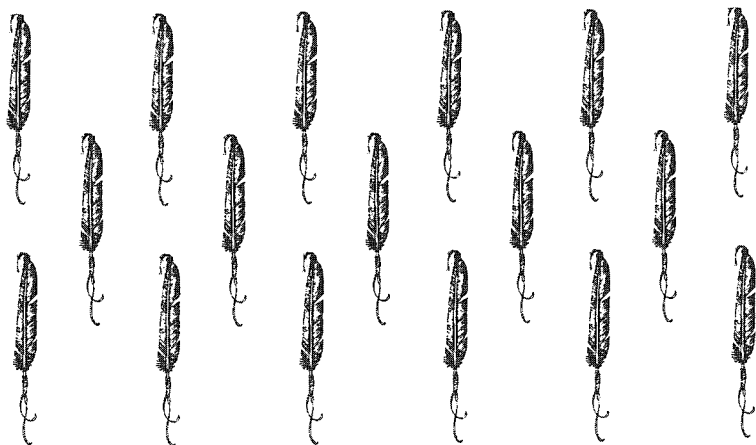
The Native American Rights Fund (NARF) is a nonprofit, charitable organization incorporated in 1971 under the laws of the District of Columbia. NARF is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Contributions to NARF are tax deductible. The Internal Revenue Service has ruled that NARF is not a "private foundation" as defined in Section 509(a) of the Internal Revenue Code.

Founded in 1970 and incorporated in 1971 in Washington, D.C.

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CHAIRMAN'S MESSAGE

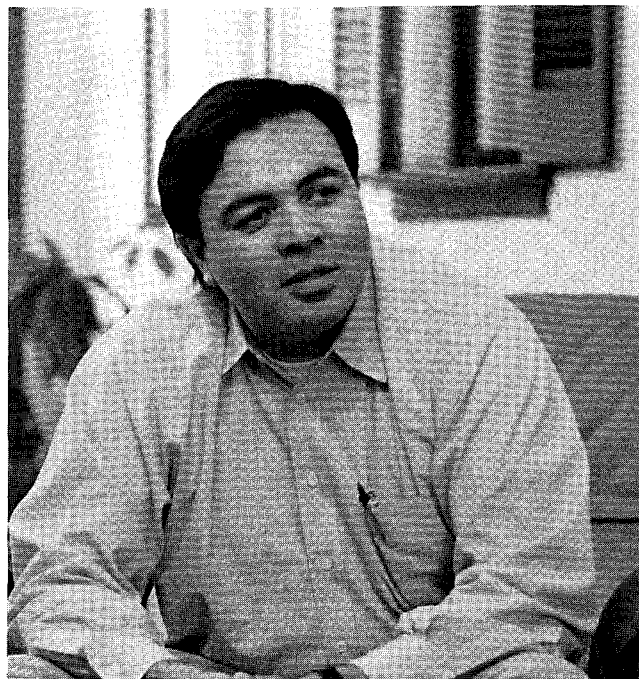
The Native American Rights Fund celebrated its 15th Anniversary in 1985. During the past several years, NARF has won several significant legal victories for tribes in their struggle to protect their inherent rights as sovereign nations. Just within the last year, NARF won two major U.S. Supreme Court cases and opened a new office in Anchorage, Alaska to protect Alaska Native rights in that state.

During these past fifteen years NARF has provided expert legal representation for hundreds of tribes which has literally benefitted thousands of Native Americans. Some of NARF's past accomplishments include: helping the Traditional Kickapoo in Texas establish a homeland; settling historical land claims for the Passamaquoddy and Penobscot Tribes of Maine; and just recently, helping the Oneida Tribe establish title to 250,000 acres of land in upstate New York.

Even though significant victories on behalf of Native Americans have been won, there remains much more work to be done for Indian rights. NARF will continue to protect the sovereign powers of Indian tribes, their land and water rights, and other vital Native American interests. In Alaska, NARF will continue to advocate the rights of Alaska Natives in their effort to retain their tribal governments, land, and subsistence hunting and fishing rights. Even with a new office, NARF has far more requests for legal representation than it can possibly handle. NARF is now in the forefront of protecting Alaska Native rights as it has done so well in the lower 48. NARF pledges to continue its tradition of providing valuable and expert legal representation to Native Americans and will for many years to come.

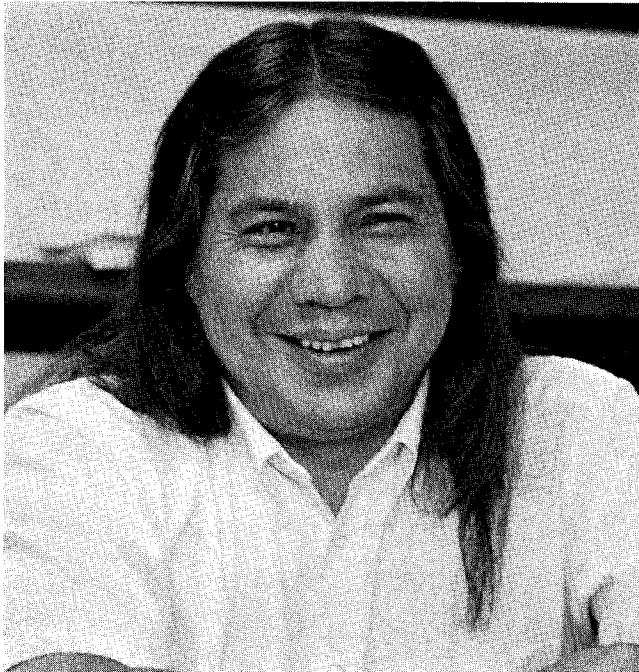
As Chairman of NARF's Steering Committee, I am quite aware that the progress that Native Americans have made in the past would not be possible without your vital financial support. This support permits NARF to hire and retain the highest caliber, committed legal professionals as you will find anyplace in the U.S. NARF gets results because it is a dedicated team of both Native Americans, non-natives and you. On behalf of the Steering Committee and staff, we thank everyone who has supported us in these past 15 years and hope you will continue to assist us in protecting the rights of Native Americans.

Chris McNeil
Chairman



Chris McNeil (*Tlingit*), Chairman

EXECUTIVE DIRECTOR'S REPORT



John E. Echohawk (*Pawnee*), Executive Director

1985 marked the 15th year in which the Native American Rights Fund provided legal advice and representation to Indian tribes, organizations and individuals on issues of major significance to Indian people across America. The access to American justice provided by NARF's representation resulted in many important victories in 1985 for Native Americans.

For the first time in our history, NARF had three cases before the United States Supreme Court during the year, winning two of the three. For the Wisconsin Oneida Tribe, we established title in effect to 250,000 acres of aboriginal land in New York State and negotiations to settle the claim are underway. For the Blackfeet Tribe of Montana, we defeated Montana's attempt to tax the Tribe's valuable oil and gas royalties. Unfortunately, we did not prevail in asserting that the Klamath Tribe of Oregon retained treaty hunting and fishing rights on lands they ceded to the federal government in 1901.

Out of our new Alaska office that we opened during the year, we initiated several major efforts in defense of Alaska Native lands and sovereignty. At the direction

of the Association of Village Council Presidents, we drafted proposed amendments to the Alaska Native Claims Settlement Act which would protect the villages. The State of Alaska was sued by NARF on behalf of several villages challenging the State's refusal to provide revenue-sharing funds to Alaska Native village governments. We also prepared a taxation ordinance for the Village of Copper Center to enable them to tax oil pipeline operations on their lands.

In other significant developments during the year, NARF was successful in a decision which nullifies the effort of the State of Florida to tax Seminole tribal businesses. In a water rights case for the Muckleshoot Tribe of Washington, we established that the Tribe's water right to maintain a salmon fishery had not been condemned and still existed. We were also successful in establishing the ownership of the Tunica-Biloxi Tribe of Louisiana to tribal burial goods unearthed and claimed by an amateur archaeologist. In the voting rights area, we overturned a New York state law which prohibited reservation residents from serving on public school boards.

These victories together with the progress we made in other NARF cases helped to make 1985 a successful year. We thank everyone who assisted us financially in fiscal year 1985 and hope that you will continue to work with us to make justice accessible to Native Americans.

John Echohawk
Executive Director

THE STEERING COMMITTEE

NARF is governed by a thirteen-member Steering Committee composed entirely of Native American people from throughout the country. The Steering Committee decides the direction of NARF's activities under the priorities and policies they have established. Members are chosen on the basis of their involvement in and knowledge of Indian affairs and issues.

Current members of the Steering Committee are:

Chris McNeil, Jr. (*Tlingit*),
Chairman,
Alaska

George Kalama (*Nisqually*),
Vice-Chairman,
Washington
A. Kenneth Custalow
(*Mattaponi*),
Virginia
Ada Deer (*Menominee*),
Wisconsin
Gene Gentry (*Klamath*),
Oregon
Bernard Kayate (*Laguna Pueblo*),
New Mexico
Wayne Newell
(*Passamaquoddy*),
Maine

Leonard Norris (*Klamath*),
Oregon
Harvey Paymella (*Hopi-Tewa*),
Arizona
Caleb Pungowiyi
(*Siberian Yupik*),
Alaska
Norman M. Ration
(*Navajo-Laguna*),
Arizona
Lois Risling (*Hoopla*),
California
Wade Teeple (*Chippewa*),
Michigan



THE NATIONAL SUPPORT COMMITTEE

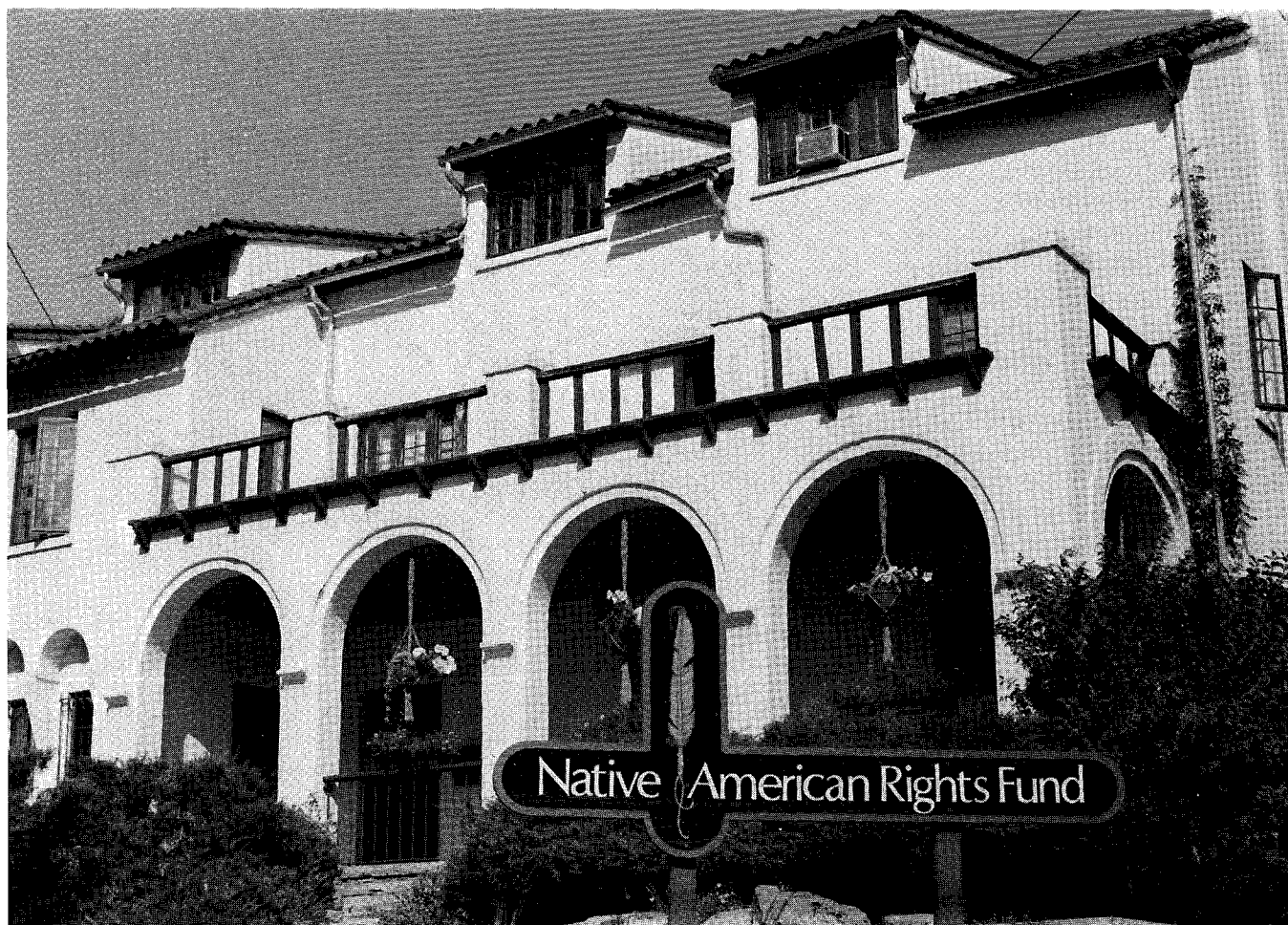
The National Support Committee was established in 1978 to assist NARF with its fundraising efforts nationwide. Some of the individuals on the Committee are prominent in the field of business, entertainment and the arts. Others are known advocates for the rights of the underserved. All of the volunteers on the Committee are committed to upholding Indian rights for America's Native Americans.

Owanah Anderson (Choctaw)
Edward Asner
Katrina McCormick Barnes
David Brubeck

Ben Nighthorse Campbell
(Northern Cheyenne)
Iron Eyes Cody
(Cherokee-Cree)
Val Cordova (Taos Pueblo)
*Norman Cousins
James Garner
Sy Gomberg
Will H. Hays, Jr.
Alvin M. Josephy, Jr.
*Billy Mills (Oglala Sioux)
Alfonso Ortiz (San Juan Tewa)
*Amado Peña (Yaqui)
David Risling, Jr. (Hoopa)
Pernell Roberts

Dr. Jonas Salk
Will Sampson, Jr. (Creek)
Leslie Marmon Silko
(Laguna Pueblo)
Connie Stevens
Maria Tallchief (Osage)
Studs Terkel
Ruth Thompson
Tenaya Torres
(Chiricahua Apache)
*Thomas N. Tureen
Dennis Weaver

* Terms effective Fiscal Year 1986



INTRODUCTION

In 1985, the Native American Rights Fund celebrated its 15th Anniversary. As the national Indian legal defense fund, NARF has represented Native Americans in almost every state in the nation. During the year, NARF argued cases before the Supreme Court, federal courts and administrative agencies to protect the rights of Native Americans. These rights ranged from ensuring fair voting practices for Native Americans to major land claims and water rights cases which affect thousands of Indian people. NARF also drafted legislation and monitored developments in Indian law.

Over the years, NARF has gained, through its hundreds of cases and many pieces of legislation, the mark of a proven advocate in Indian law issues which will affect this and future generations of Native Americans.

The Founding of NARF

Many federally-funded legal services programs were established around the country in the 1960's. These programs were aimed at providing legal representation for poor and disadvantaged people. It was through these legal services programs that the special needs of Indian people became apparent. The hundreds of treaties, thousands of federal statutes and numerous regulations and administrative rulings have created a unique body of law called Indian law which governs the lives of Indian people.

Indian legal services programs could not assist Indians everywhere, so the need for a national program to provide these services also became apparent. The Native American Rights Fund emerged in California in 1970 to fill this need. NARF was relocated to Boulder, Colorado, a more central location to Indian country, in 1971. Since the beginning, the national scope of legal work undertaken by NARF as a nonprofit organization has been supported by foundation and government grants, corporate, individual, and tribal contributions and limited client fees.

The accomplishments and growth of NARF over the years confirm the great need for Indian legal

representation on a national basis. This legal advocacy on behalf of Native Americans is as crucial now as ever. NARF strives to protect the most important rights of Indian people within the limit of available resources. To achieve this goal, NARF's Steering Committee has defined five priority areas for NARF's work. These five priority areas are: (1) the preservation of tribal existence; (2) the protection of tribal natural resources; (3) the promotion of human rights; (4) the accountability of governments to Native Americans; and (5) the development of Indian law. Following are brief highlights of NARF's work during the 1985 fiscal year in each of these five priority areas.



Mary Chaddlesone (*Kiowa*), Legal Secretary



Debbie Raymond (*Navajo*), Administrative Assistant

THE PRESERVATION OF TRIBAL EXISTENCE

The most critical issue facing Indian tribes today is the preservation of their existence as governmental entities with all the power and authority that governmental status entails. Thus, the focus of NARF's work involves issues relating to the preservation and enforcement of the status of tribes as sovereign, self-governing bodies. For some tribes, the issues are very basic — persuading the federal government to recognize their status as tribes or, in some cases, convincing Congress to reverse the termination of their tribal status and restore them as tribes. In both cases, such "recognized" status allows the particular tribe to exercise vital governing powers and entitles them to basic

health, education, and other governmental services.

Tribal Sovereignty

Tribes possess the power to regulate the internal affairs of their members and the activities within their reservations since they are sovereign governments. Conflicts often arise with states, the federal government, and others over these powers. During the year, NARF handled several major cases that affected the sovereign powers of tribes. These cases involved taxation, jurisdiction, and tribal government.

Federal Indian law exempts tribal property and assets from state and federal taxation. Several states have taxed or tried to implement taxes on Indian trust property and assets. In 1985, NARF worked on several significant tax cases that have reaffirmed and strengthened the tax immunity of tribal governments.

One of the most significant tax victories was *Montana v. Blackfeet Tribe*. In this case, NARF represented the Blackfeet Tribe which challenged the state's authority to tax the Tribe's oil and gas royalties from leases made under the 1938 Indian Mineral Leasing Act. In 1985, the Supreme Court ruled that the State of Montana did not have the authority to tax the Tribe. In addition to strengthening the tribe's tax immunity, the case represents a significant step toward making tribal oil and gas leases more competitive.

NARF also won a significant victory over the State of Florida for the Seminole Tribe of Florida. In *Askew v. Seminole Tribe*, a state court of appeals held that the Florida State Department of Revenue could not

sue the Seminole Tribe of Florida to collect state sales taxes from tribally owned businesses on the Reservation because of tribal sovereign immunity from suit. The court held that Indian tribes have long been recognized as having the same immunity from suit as other sovereign powers.

In a tax case involving individuals, NARF represented two Alaska Native reindeer herders in *Karmun v. Commissioner of Internal Revenue*. The herders were taxed by the Federal government on the income derived from the sale of their reindeer and reindeer products. A federal appeals court held that the Native Reindeer Industry Act of 1937, under which the federal government acquired the reindeer in trust for the Natives, does not specifically provide the Native reindeer herders tax-exempt status in the sale of their reindeer. NARF argued that courts in the past have implied such an exemption where Indian trust property is involved. NARF appealed the decision to the Supreme Court, but they declined to review the case.

NARF is currently investigating Indian tax issues in North Dakota, Michigan, and Nebraska. In North Dakota, the State is taxing income earned by individuals on the Turtle Mountain Reservation. NARF is representing two tribal members who are challenging the state's authority to tax the income. In Michigan, the federal government is attempting to tax the income of Bay Mills Chippewa fishermen exercising their treaty-guaranteed right to fish. In



Walter Echo-Hawk (Pawnee), Staff Attorney

Nebraska, NARF is challenging the State's authority to tax Indian-owned fee land within the Winnebago Reservation in *Thurston County v. Boyd*.

NARF is also assisting tribes to develop tax ordinances designed to help them bring in additional revenue. NARF is helping the Cheyenne-Arapaho Tribes of Oklahoma develop a severance tax on oil and gas production on tribal land. The proceeds from the tax will be used by the Tribes for government and economic development projects. NARF also drafted tax ordinances for Copper Center Village, located in Alaska, to tax the portion of the Alyeska Pipeline passing through Alaska Native lands.

Other cases in the area of sovereignty that NARF has handled pertain to the issue of jurisdiction. Most tribes, as governments, have the power to regulate activities on their reservations. Control over bingo and gaming on reservations has caused several major conflicts between states and tribes over the issue of jurisdiction on Indian lands. Several states have tried to regulate bingo games on Indian reservations. Tribes assert that states do not have jurisdiction over tribal gaming on reservation land. Cases involving bingo issues have been filed in several states.

NARF filed *amicus curiae* (friend of the court) briefs on behalf of the Cheyenne-Arapaho Tribes in *Oklahoma v. Seneca-Cayuga Tribes* and *Oklahoma v. Quapaw Tribes*. The State Supreme Court of Oklahoma ruled that the state can regulate bingo games if it can show the games affect persons and entities other than the tribes involved. The Court determined that the doctrine of sovereign immunity did not bar suit against the Tribes because the doctrine had been replaced by other Indian law principles. Be-

cause the Court's decision misinterpreted the issues and has broad implications in the field of Indian law, the Tribes petitioned the Court for a rehearing to reexamine the important and fundamental principles of Indian law at issue.

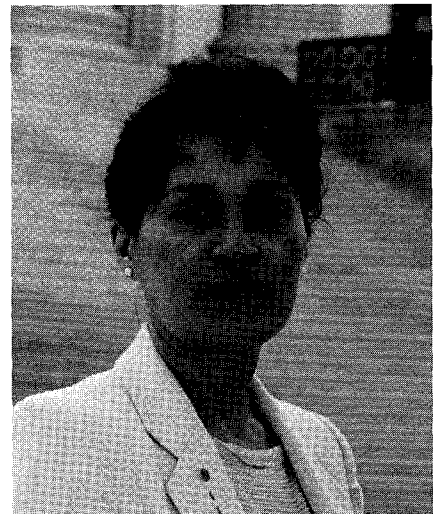
Soon after the Court's ruling, state officials attempted to close the Muscogee Creek Nation bingo facility in Tulsa, Oklahoma. However, before the state could institute suit, the Creek Nation filed suit in federal court against the state in *Indian Country Inc. v. State of Oklahoma*. The Tribe contends the state lacks the authority to control the bingo operations and to tax the revenue produced by the games. In this case, NARF filed an *amicus curiae* brief on behalf of the Cheyenne-Arapaho Tribes of Oklahoma to protect the Tribe's gaming operation which NARF helped to establish in western Oklahoma.

In *U.S. v. Dakota*, the state is also attempting to bar the Keweenaw Bay Chippewa Indian Tribe from issuing gambling licenses on the reservation. The federal district court in Michigan found the tribal members were operating a commercial gambling operation in violation of federal law. The court's opinion did not address whether tribally-run gambling operations, as opposed to individually-owned operations, are legal. NARF filed an *amicus curiae* brief on behalf of the Bay Mills Chippewa Indian Community which has an entirely tribally-controlled operation. The decision is on appeal.

NARF has also been monitoring proposed legislation on Indian gaming bills under consideration by Congress. Bills to resolve the issue over control of gaming operations on Indian land have been sponsored by Congressman Udall, Senator DeConcini and Congressman Shumway. Hearings on the

bills were conducted in 1985. It is expected that an Indian gaming law will be enacted by Congress in 1986.

In another matter involving jurisdiction, NARF is assisting the Winnebago Tribe obtain criminal jurisdiction over its reservation. The State of Nebraska has been exercising jurisdiction over the Winnebago Reservation since 1954, pursuant to Public Law 83-280, when Congress ceded civil and criminal jurisdiction over reservations to certain states. However, in



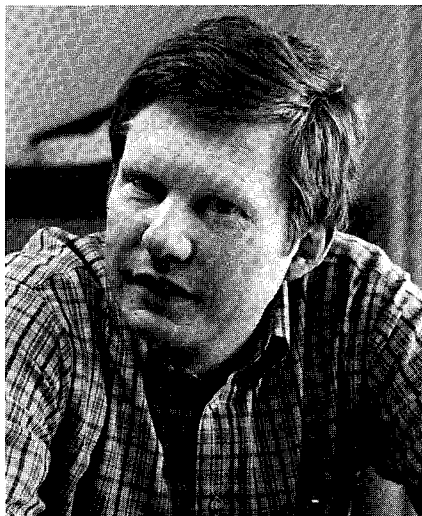
Arlinda Locklear (*Lumbee*), Staff Attorney, DC Office



Jeanette Wolfley (*Navajo/Shoshone-Bannock*), Deputy Director

1968, Congress enacted legislation that permits states, with tribal consent, to retrocede this jurisdiction back to the United States and tribes. The retrocession will enable the Tribe to exercise its inherent power of self-government and help end discriminatory law enforcement policies.

In order for tribes to exercise governmental powers under the Indian Reorganization Act of 1934, their tribal constitutions need to be approved by the Secretary of Interior. NARF, on behalf of the Coyote



Scott McElroy, Staff Attorney



Yvonne T. Knight (Ponca-Creek), Staff Attorney

Valley Tribe of California, has drafted legislation which limits the time that the Secretary of Interior can take to approve tribal constitutions and call a secretarial election for tribal membership approval of the constitutions. Passage of the legislation by Congress will help tribes avoid bureaucratic delays and exercise inherent tribal governmental rights.

On another front, in the year 1991 Alaska Native ownership to 40 million acres of land is at stake. It is in that year that the Alaska Native Claims Settlement Act (ANCSA) protections expire and the Native-owned shares of stock in Native regional and village corporations are eligible to go on the public market. There exists the great potential that Alaska Natives will lose both land and control of their corporations to non-Native interests.

NARF is working with the Association of Village Council Presidents to implement legislative changes in the ANCSA that will ensure and protect Native land ownership, retain their hunting and fishing subsistence rights, and retain and strengthen tribal powers of self-government. Also, NARF is working with Kawerak, Inc., a nonprofit corporation representing several villages, to help the villages develop tribal government structures and tribal court systems to protect and regulate their fish and game resources.

NARF has also been working with the Council of Energy Resource Tribes to amend the Surface Mining Control and Reclamation Act of 1977. Under the Act, federal standards were applied to Indian land without tribal consent and reclamation fees provided under the Act were accumulated by the federal government. The proposed changes would ensure tribal control of surface mining on Indian

lands and protect the sovereign power of tribes to regulate their own affairs.

Recognition and Restoration

Gaining federal recognition of tribal status or Congressional restoration of tribal status previously terminated is a lengthy administrative or legislative process. Years of legal assistance are often needed by tribes involved in these processes.

NARF continues its work on behalf of the Alabama-Coushatta and the Tigua Tribes of Texas to seek federal legislation that restores their tribal status. A bill for this purpose was introduced in the House of Representatives in 1985. In addition, NARF represents the Alabama-Coushatta Tribe in its suit against the State of Texas in *Alabama-Coushatta Tribe v. Mattox*. The State of Texas withdrew its state recognition of the Tribe and monetary assistance to the Tribe's government. NARF will continue to work for a judicial declaration that the Tribe still exists in the State of Texas, that its lands still constitute an Indian reservation and that the State's role as trustee is not barred by the Texas Equal Rights Amendment.

NARF also continues to assist the Mashpee Wampanoag Tribe of Massachusetts, the Houma Tribe of Louisiana, the Gay Head Wampanoag Tribe of Massachusetts and the Little Shell Band of Chippewas in Montana in obtaining federal recognition of their tribal status.

THE PROTECTION OF TRIBAL NATURAL RESOURCES

The protection of tribal natural resources is closely linked to the preservation of tribal existence. Without a sufficient natural resource base to sustain it, tribal existence is difficult to maintain. In this area, NARF helps Indian people establish and maintain ownership and control of land, water rights, and hunting and fishing rights.

Protection of Indian Lands

In *Yankton Sioux Tribe v. Nelson*, NARF is helping the Yankton Sioux Tribe assert title to the lakebed of Lake Andes on their Reservation in South Dakota. A federal court held that tribal title had not been lost by inaction or abandonment and that the Tribe's treaty had not been abrogated so as to extinguish title. The decision is being appealed.

NARF is also assisting several other tribes in land protection matters, specifically: the Swinomish Tribal Community in Washington State to regain tidelands and other submerged lands adjoining the uplands on its Reservation; the San Juan Paiutes in Arizona in asserting title to a land base; and the Pamunkey Tribe in defining its Reservation boundaries in Virginia.

Other cases include: *Walker River Paiute Tribe v. Southern Pacific*, in which NARF is assisting the Walker River Paiute Tribe of Nevada in negotiations with the Southern Pacific Railway to collect trespass damages for use of the railroad on their Reservation without tribal consent and to negotiate the future of the railroad on the reservation; *U.S. v. Colianni*, where NARF is helping the Shoshone-Bannock Tribes recover 12 lots of land within

the City of Pocatello, Idaho. The lots in question were never validly sold under an 1888 Act and still belong to the Tribe; and *Potter v. South Dakota*, in which NARF filed suit to regain land on behalf of individuals who lost their land allotments when the federal government illegally transferred their trust title to fee title, which was subsequently lost. The issue affects as many as 20,000 Indians and title to several million acres of land in at least seven states. As an alternative to litigation,



deana j. harragarra (*Kiowa/Otoe-Missouria*),
NILL Librarian

NARF has advocated legislation that would require the Department of Interior to identify affected allotments, allottees and heirs, and to allow those affected to elect between monetary payments and in-lieu land selections, at which time claims to the original allotment would be forever extinguished.

In another allotment issue, NARF filed suit on behalf of an Indian allottee to recover damages against

the United States for its failure to seek recovery of the allotment in a timely fashion. The land had been recovered but monetary damages were limited because of the long delay between loss of the allotment and the action of the United States to recover it. The case, *Jones v. U.S.*, is an attempt to recover the lost damages from the U.S.

NARF is representing the Colorado River Indian Tribes in *Metropolitan Water District v. Clark* to determine their reservation boundaries. The inclusion of additional land as part of the Reservation will afford the Tribe increased agricultural development potential.

Finally, in *Cheyenne-Arapaho Tribe v. U.S.*, NARF is representing the Tribe in its suit to stop the Bureau of Indian Affairs (BIA) from renegotiating tribal oil and gas leases without tribal consent. The BIA has been renegotiating oil and gas leases at below market value and the Tribe wants the right to renegotiate its own leases at fair competitive rates.

Eastern Land Claims

NARF began representing many Eastern tribes in their land claims during the 1970s. Most of these claims are based on the Indian Non-Intercourse Act of 1790 prohibiting the transfer of Indian land without federal consent, which is lacking in each of the cases. In 1985, in a landmark case, the Supreme Court confirmed the right of the Oneida Indians to sue to protect their property under federal common law, in *County of Oneida v. Oneida Indian Nation*. The Court also found that tribal property rights cannot be

lost by application of state statutes of limitations. The Court's decision invalidated an attempted 1795 purchase of Oneida land by the State of New York and established, in effect, the ownership of 250,000 acres of upstate New York (Oneida and Madison counties) by three Oneida tribes.

NARF also has another eastern land claim case before the Supreme Court. In *Catawba Indian Tribe v. South Carolina* the Court will review the right of the Catawba Tribe to pursue its claim to 144,000 acres of land in South Carolina. To date, the lower courts have upheld that right.

Currently, NARF has legislation before Congress to settle the Gay Head Wampanoag land claim in Massachusetts. NARF is also assisting the Schaghticoke Tribe of Connecticut, the Tunica-Biloxi Tribe of Louisiana and the Alabama-Coushatta Tribe of Texas in their land claims.

Water Rights

Since most Indian tribes are located in the western states where water is scarce, water rights are of central importance to many tribes whose reservation economies and futures are dependent upon access to water. Nearly all the Western tribes are involved in either litigation or negotiations to establish their reserved water rights which guarantee water for both present and future uses with priority over most non-Indian uses. NARF presently handles many of these cases.

In *Fort McDowell Indian Community v. Salt River Project*, NARF has been preparing the Fort McDowell Mohave-Apache's claim to additional water from the Verde River in Arizona. NARF is also representing the Southern Ute Tribe in negotiations with the State of Colo-

rado, the federal government and local water users to settle the Tribe's claim to water through tribal participation in the proposed Animas-La Plata Project. During the year, NARF has been working to quantify the amount of water that the Klamath Tribe of Oregon is legally entitled to from the Williamson River. The Tribe's claim to water to support treaty hunting and fishing resources has already been upheld in the case, *U.S. v. Adair*.

In *Northern Cheyenne Tribe v. Adsit*, NARF is representing the Tribe in its water claim. NARF is waiting for the Montana Supreme Court to decide if the state court has jurisdiction over Indian water rights



Henry Sockbeson (Penobscot), Staff Attorney, DC Office

and in the meantime has assisted the Tribe in negotiations with the Montana Reserved Water Rights Compact Commission to settle the claim. NARF has also been researching the Walker River Paiute Tribe's claim from the Walker River in Nevada.

NARF represented the Pyramid Lake Paiute Tribe of Nevada in convincing the U.S. Supreme Court to let a lower court decision stand which cancelled a government

contract with an irrigation district to operate a federal reclamation project. The irrigation district had refused to comply with government criteria that allocated more water from the project to Pyramid Lake. NARF is also assisting the Tribe in *Pyramid Lake Paiute Tribe v. Sparks* to stop the cities of Sparks and Reno from discharging sewage into the Truckee River, which feeds Pyramid Lake.

NARF is helping the Muckleshoot Tribe restore its White River fishery in the State of Washington. In *Muckleshoot Tribe v. Puget Sound Power and Light*, the federal district court held that the Tribe's water rights to sustain a fishery had not previously been condemned by the power company and still exist. Trial preparations are now underway to prove the extent of the water right and damages to the fishery.

NARF assisted several bands of Mission Indians in southern California to establish the San Luis Rey Indian Water Authority, an inter-tribal agency which will administer the water that the Bands expect to establish in litigation or through a negotiated settlement.

Hunting and Fishing

For both subsistence and commercial purposes, the right to hunt and fish in traditional areas both on and off-reservations remains a vital issue in Indian Country. NARF has long been instrumental in assisting tribes to establish their hunting and fishing rights that are guaranteed by treaty or other federal law.

In 1985, subsistence rights for Alaska Natives were a major hunting and fishing issue. NARF has been instrumental in helping Alaska Native villages develop tribal ordinances to regulate their fish and game resources. NARF is assisting

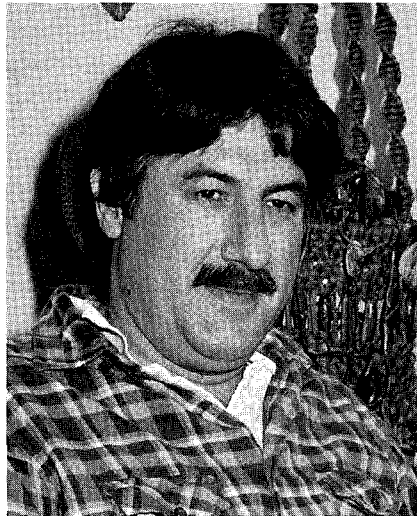
the Native Villages of Unalakleet, Stebbins, Kaltag, Koyuk, Shake-toolik and St. Michael to regulate their hunting and fishing resources. NARF is also working with the Villages of Gambell and Savoogna to establish a management agreement with the U.S. Fish and Wildlife Service to regulate the taking of marine mammals that they depend on for subsistence needs.

NARF is representing the Villages of Kaktovik, Fort Yukon, Arctic Village and Venetie in negotiations between the United States and Canada on an international agreement that would protect the migrating caribou herd that the villages depend on for subsistence. NARF is also challenging the validity of action taken by the State of Alaska in 1959 confiscating Alaska Native fishwheels used for subsistence purposes on Native land allotments.

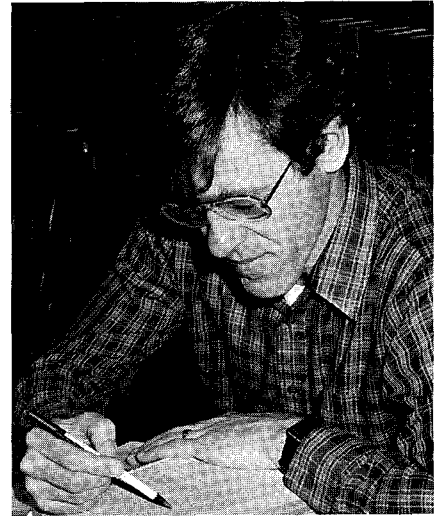
In the lower 48 states, NARF represented the Bay Mills Chippewa Indian Community in litigation with the State of Michigan to allocate the Great Lakes fishery. This was the latest phase of *United States v. Michigan*, which previously affirmed the Tribe's treaty right to fish free of State regulation. Under the 1985 allocation decision, treaty fishermen will have exclusive access to fish in certain parts of the Great Lakes. The State and U.S. will contribute over \$5 million to assist in the further development of the tribal conservation programs and to help the Tribe increase the financial returns obtained from commercial fishing.

In *Klamath Tribe v. Oregon Department of Fish and Wildlife*, the Supreme Court ruled against the Tribe's claim to treaty hunting and fishing rights on 621,000 acres of former treaty land which had been ceded to the United States in 1901. The Court held that the rights were ceded in the cession agree-

ment and that the Tribe's 1864 treaty limited hunting and fishing to treaty lands. Although the Tribe did lose its claim to rights on these lands, the State of Oregon agreed that a disputed 88,000 acre tract of land had in fact remained within the Reservation boundary and retained treaty hunting and fishing rights.



Robert Peregoy (Flathead), Staff Attorney



Kim J. Gottschalk, Staff Attorney



Marilyn Pourier (Oglala Sioux),
Development Assistant



Jeanne Whiteing (Blackfeet-Cabuilla),
Staff Attorney

THE PROMOTION OF HUMAN RIGHTS

In addressing human rights, NARF seeks to enforce laws which are designed to address the unique needs and problems of Native Americans in this area. In 1985, NARF provided assistance in problems involving religious freedom, voting rights and education.

Religious Freedom

The protection of traditional Native American religions is synonymous with the preservation of the traditional cultures of those peoples. Indian religions are entitled to the same First Amendment protection as other religions. This includes access to and protection of sacred objects and sites and the freedom to practice traditional religious ceremonies.

NARF has been assisting the Alaska Federation of Natives and various prison groups in Alaska in the development of state policies concerning the cultural and religious practices of Alaska Native inmates. NARF has been working with the Alaska Department of Corrections, Alaska Legal Services and prison inmates to implement changes in its correction policy to allow Native religious programs, native foods to be served to inmates, and to end arbitrary "administrative transfers" of Native prisoners involved in cultural and religious activities. NARF is also working with the State to provide a more equitable affirmative action hiring plan.

NARF continues to represent the Kootenai Tribes of Idaho, Montana and Canada in protecting their religious site at Kootenai Falls on the Kootenai River in Montana from a proposed hydroelectric project. Through NARF's efforts, a Federal Energy Regulatory Commission judge has determined that the project would adversely impact upon the religion of the Kootenai Tribes. The project license was denied for this reason and others, but the ruling was under review by the full Commission in 1985.

Protecting Indian burial sites from excavation and desecration has been the objective of NARF's review of a proposed federal Indian burial policy. The policy provides for the reinterment of over 300,000 Indian bodies stored in federal and state institutions, and would also establish a new federal policy properly recognizing the cultural and religious rites of Native Americans relating to burial sites on public lands.

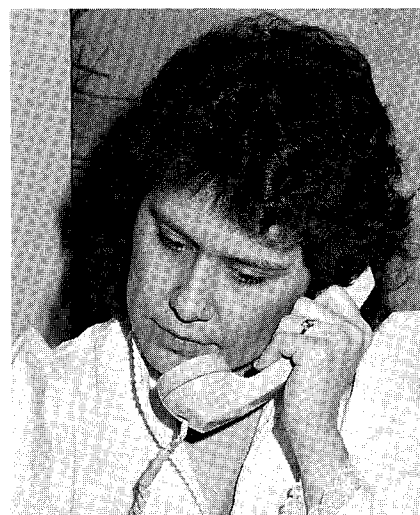
In *Charrier v. Bell*, NARF was successful on behalf of the Tunica-Biloxi Tribe in a case that involved the illegal excavation of its ancestral burial ground by an amateur archaeologist. A Louisiana court ruled that the artifacts dug from the graves did indeed belong to the Tribe, but the case is currently on appeal.

NARF filed an *amicus curiae* brief in the Supreme Court on behalf of several tribes and national Indian organizations in *Heckler v. Roy*, a case raising the issue of whether the federal government can infringe upon the religious beliefs of an Indian in order to protect its own interest in preventing fraud and abuse in a public assistance program. Specifically, the

government is requiring an Indian father to provide a social security number for his daughter in order to receive social security benefits. He argued that this requirement was in conflict with his particular religious beliefs and prevailed in the lower court.

Voting Rights

In 1982, Congress amended Section 2 of the 1965 Voting Rights



Rose Brave (Oglala Sioux), Office Manager



Marilyn White (Mohawk), Legal Secretary

Act to prohibit discriminatory electoral practices and procedures. However, various election methods are still in place that prevent Indian people from fully participating in various city, county and state elections. Currently, NARF is working to end discriminatory voting practices in school board elections.

During 1985, NARF collected comprehensive data on and evaluated possible violations of voting rights in South Dakota, North Dakota, and Montana. This data has established a firm foundation for NARF staff to propose plans of actions to remedy instances of voting rights violations, including monitoring, litigation, proposed redistricting plans, and other research and information activities. Situations in other states are also being investigated.

In South Dakota, NARF is challenging the issue of at-large school district voting procedures which prevent minority representatives on the school board in *Buckanaga v. Sisseton School District*. NARF asserts that an at-large school board election system denies them an equal opportunity to elect a candidate of their choice and thus is in violation of the Voting Rights Act of 1965. As with other minority groups, the Indian parents believe that single member district elections are the key to minority participation on school boards.

NARF successfully challenged a New York State election law which prohibited reservation Indians from serving on school boards. In *Williams v. Gowanda School District*, NARF filed a lawsuit on behalf of a Seneca Nation resident alleging that state law denied Mr. Williams equal protection of the law and therefore was unconstitutional. The federal court ordered Mr. Williams' name be placed on the school district ballot.

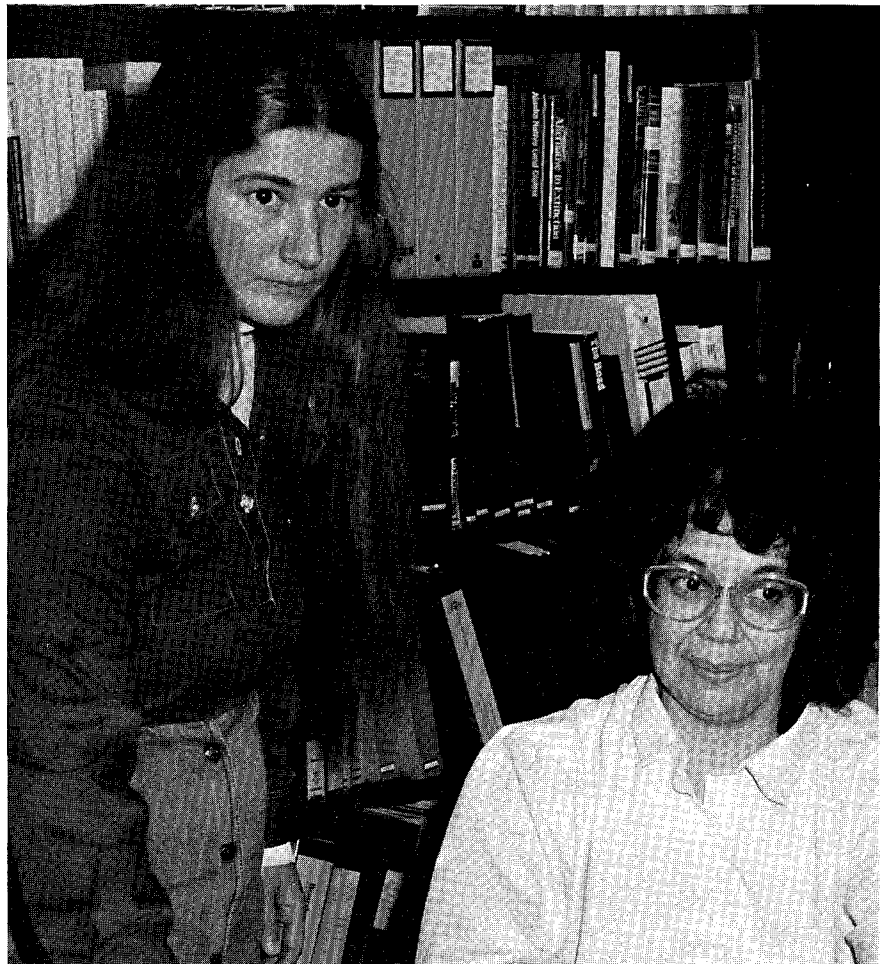
Education

Education is especially important for Native Americans since it is essential for developing the skills necessary for tribal self-sufficiency. NARF has worked successfully with tribes, parent groups, and national Indian organizations to assure that Native Americans have an active and participative voice in deciding the educational programs for their children.

NARF represented the Sisseton-Wahpeton Sioux Tribe who filed an administrative complaint as a result of the Sisseton-Wapeton School District's unwillingness to allow meaningful input in the basic school program by Indian parents

as required by the federal Impact Aid law and regulations. The Department of Education upheld the rights of the Tribe and Indian parents to receive objective data showing the educational achievement levels of Indian children as a group.

In *Flandreau v. Clark*, NARF filed suit on behalf of the Flandreau Indian School Board to reinstate the principal of Flandreau Indian School. The suit challenged the authority of the Bureau of Indian Affairs to transfer the principal without consulting the Indian school board. The case was subsequently settled and the principal was rehired.



Kathy Duscher, Library Assistant/Secretary

Mary Mousseau (Santee Sioux), NILL Library Assistant

THE ACCOUNTABILITY OF GOVERNMENTS

NARF works to hold all levels of government accountable for the proper enforcement of the many laws and regulations which govern the lives of Indian people. NARF continues to be involved in several cases which focus primarily on the accountability of the federal government to Indians.

NARF is co-counsel in a class-action suit which seeks to have BIA general assistance welfare payments made in full instead of arbitrarily cut by the BIA. The BIA adopted a new regulation requiring general assistance payments to be made

according to state welfare payment standards. The rule reduces payments in about eight states as much as 40%. In *Adams v. Hodel*, the federal district court in Washington, D.C. upheld the BIA's new regulation. The decision is being appealed.

In Alaska, NARF has filed suit on behalf of the Native Village of Akiachak to secure state revenue funding for their tribal government. In *Native Village of Akiachak v. Notti*, NARF is challenging Alaska's position that the state cannot constitutionally allocate revenue sharing monies to tribal governments. NARF is asserting that the villages are governing bodies like other units of government.

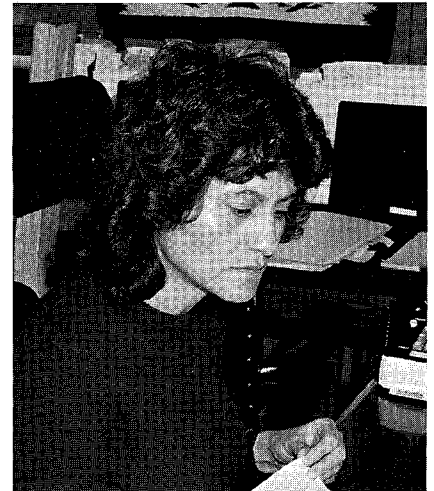
NARF continues to represent the St. Regis Mohawk Tribe and Rosebud Sioux Tribes in their efforts to reduce their disallowed costs in the administration of their Comprehensive Employment Training Act (CETA) programs. So far, the proceedings have lowered the Rosebud Sioux Tribe's costs by two-thirds,

and the St. Regis Tribe's by half, thus helping the Tribes reduce their liability and maintain their eligibility for federal employment programs.

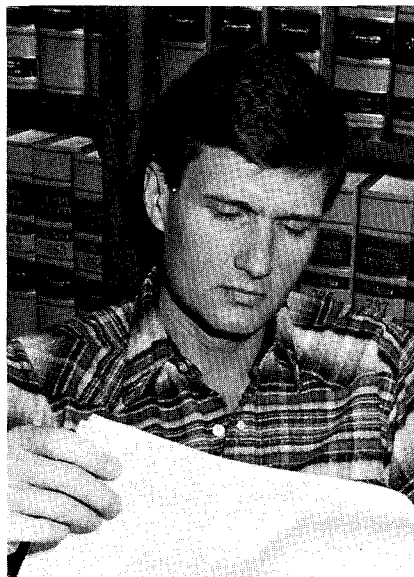
NARF is also assisting the Cherokee Nation of Oklahoma to obtain Equal Employment Opportunity Commission (EEOC) funding for their Tribal Employment Rights Office (TERO). NARF has advised the Tribe on matters regarding the area of tribal jurisdiction and has clarified EEOC rules and regulations.



Mary Hanewall, Development Officer



Jerilyn DeCoteau (*Turtle Mountain Chippewa*), Staff Attorney



Don Miller, Staff Attorney

THE DEVELOPMENT OF INDIAN LAW

The systematic development of Indian law is essential for the continued protection of Indian rights. This includes distributing Indian law materials to, and communicating with, those groups and individuals working on behalf of Indian people. NARF has two ongoing projects which are aimed at achieving this goal.

Indian Law Support Center

The first of these projects is the Indian Law Support Center (ILSC), which is one of 17 such national support centers funded by the Legal Services Corporation. NARF has operated the ILSC since 1972, providing backup legal assistance to local legal services programs which serve Indians on reservations and in urban areas nationwide.

During the 1985 fiscal year, the ILSC provided assistance to local programs in all areas of Indian law. In responding to hundreds of requests, the Center's services have included letter and telephone advice, furnishing legal materials, co-counseling in cases, conducting legal research, reviewing drafts of court pleadings and briefs, analyzing legislation, and providing other services as requested by legal services field programs. The Center also conducted a national Indian law training conference in 1985. The publication of a monthly newsletter which is then distributed to Indian law practitioners is another service performed by the Center. The ILSC continues to assist directly in litigation involving Muckleshoot tribal water rights, enforcement of federal oil and gas laws and the federal trust responsibility for members of Oklahoma Tribes, individual land allotment protection in Idaho, a tribal constitutional

amendment for the Pomo and Karuk Tribes, the rights of Alaska Native prisoners, and Kickapoo status clarification. Additionally, the ILSC has written and widely distributed five manuals on major areas of Indian law. The manuals include: *A Manual on Tribal Regulatory Systems*, *A Self-Help Manual for Indian Economic Development*, *A Handbook of Federal Indian Education Laws*, *A Manual for Protecting Indian Natural Resources*, and *A Manual on the Indian Child Welfare Act and Laws Affecting Indian Juveniles*. A manual on the First Amendment rights of Native Americans is planned for completion in 1986.

National Indian Law Library (NILL)

Beginning its 14th year of existence is the National Indian Law Library (NILL), another major effort by NARF in the development of Indian law. NILL continues to serve as a clearinghouse and invaluable resource for Indian legal materials. During the fiscal year, NILL staff processed 3,642 requests for information from throughout the country and several foreign countries. As a national resource center for Indian legal materials, access to NILL's holdings is essential for anyone working in the field of Indian Law. Thus the main uses of NILL have been NARF attorneys, private attorneys, legal services attorneys, tribal offices, tribal advocates, tribal court judges, law students and law libraries.

The *National Indian Law Library Catalogue, An Index to Indian Legal Materials and Resources*, reflects NILL's current holdings which include cases,

briefs, pleadings, orders, legal opinions, rulings, memoranda, treatises, studies, book articles, reports and legislative histories pertinent to Indian Law. The Catalogue is arranged by subject, author, title, a table of cases and by NILL number, and with its supplements lends ready access to NILL's extensive holdings. The Catalogue, published every five years and updated annually by non-cumulative supplements, is available for purchase from the National Indian Law Library.

Other Activities

In addition to its major projects, NARF staff is actively involved in national Indian conferences and legal education projects. During the past fiscal year, NARF attorneys and staff served in a formal or informal leadership capacity at numerous tribal, state, academic, and national Indian conferences such as the National Congress of American Indians, Association of American Indian Affairs and the CERT Energy Tax Forum.

NARF remains firmly committed to continuing its effort to disseminate the legal expertise which NARF possesses to those groups and individuals working in support of Indian rights, and to foster the assimilation of Indian rights and mainstream society.

TREASURER'S REPORT



Susan Hart, Controller

NARF's income for fiscal 1985 increased over the previous year's by 19%, to a total of \$3,333,777. Expenditures for the year reached \$3,228,579, a 13% increase over last year's. NARF's total of restricted, unrestricted and general fixed assets fund balances stood at \$941,595 at the end of fiscal 1985.

Types of support and revenue as a percentage of total income are compared below for fiscal years 1985 and 1984:

REVENUE SOURCES	FY 85	FY 84
Government	42%	49%
Foundations and Trusts	31	31
Individuals and Corporations	16	14
Legal Fees	1	1
Other	10	5
	100%	100%

Revenues in all categories increased in terms of dollars, except for legal fees, which decreased slightly. The largest percentage increase was in the "Other" category, due in the most part to receipt of two major bequests and judgment monies owed to NARF in settlement of a computer equipment dispute.

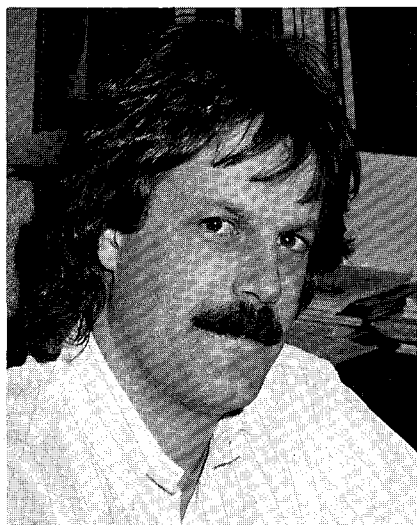
In this year, NARF was staffed at a sixteen-attorney level, and supported the activities of the National Indian Law Library. The attorney staffing level was higher than in the previous year, due to NARF's success in opening a third office to better address the needs of Alaska Natives.

NARF's spending for program activities increased as a percentage of total expenditures in fiscal 1985. Spending by function is compared below for 1985 and 1984:

FUNCTIONAL EXPENDITURES	FY 85	FY 84
Litigation and Client Services	70%	69%
National Indian Law Library	7	7
Program Services	77%	76%
Management and General	13%	15%
Fundraising	10	9
Support Services	23%	24%

NARF's audited financial statements for fiscal year 1985 are presented on the following pages.

Susan Rosseter Hart
Treasurer



Steven Moore, ILSC Director

Price Waterhouse



December 19, 1985

To the Steering Committee of
Native American Rights Fund, Inc.

In our opinion, the accompanying balance sheet and the related statements of support, revenue, expenses and changes in fund balances, of changes in cash and of functional expenses present fairly the financial position of Native American Rights Fund, Inc. at September 30, 1985 and the results of its operations and changes in fund balances and the changes in its cash for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

Price Waterhouse

NATIVE AMERICAN RIGHTS FUND, INC. BALANCE SHEET SEPTEMBER 30, 1985

	Current funds		General fixed	Total
	Unrestricted	Restricted	asset fund	all funds
ASSETS				
Cash, including certificates of deposit of \$406,567— partially pledged (Note 5)	\$ 581,125			\$ 581,125
Marketable securities, at market (Note 2)	387,951			387,951
Grants receivable (Note 3)		\$277,306		277,306
Other receivables	60,564			60,564
Prepaid expenses	25,873			25,873
Interfund receivable (payable)	(181,024)	181,024		
Property and equipment, at cost (Notes 4 and 5):				
Land and buildings			\$ 313,938	313,938
Improvements to land and buildings			99,040	99,040
Office equipment and furnishings			390,640	390,640
Professional library			83,154	83,154
			886,772	886,772
Less—Accumulated depreciation			(373,013)	(373,013)
Net property and equipment			513,759	513,759
	<u>\$ 874,489</u>	<u>\$458,330</u>	<u>\$ 513,759</u>	<u>\$1,846,578</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 198,789			\$ 198,789
Accrued sabbatical leave	66,082			66,082
Other accrued expenses	84,397			84,397
Deferred revenue (Note 3)		\$432,509		432,509
Mortgage and notes payable (Note 5)			\$ 123,206	123,206
	349,268	432,509	123,206	904,983
Fund balances	525,221	25,821	390,553	941,595
Commitments (Note 7)				
	<u>\$ 847,489</u>	<u>\$458,330</u>	<u>\$ 513,759</u>	<u>\$1,846,578</u>

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

NATIVE AMERICAN RIGHTS FUND, INC.

**STATEMENT OF SUPPORT, REVENUE, EXPENSES AND
CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED SEPTEMBER 30, 1985

	<u>Current funds</u>		<u>General fixed asset fund</u>	<u>Total all funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>		
Support and revenue:				
Governmental grants		\$1,393,138		\$1,393,138
Foundation and trust grants		1,034,587		1,034,587
Contributions	\$532,500			532,500
Legal fees	39,765			39,765
Other (Note 2)	330,959	2,828		333,787
Total support and revenue	<u>903,224</u>	<u>2,430,553</u>		<u>3,333,777</u>
Expenses:				
Program services:				
Litigation and client services	491,863	1,723,751	\$ 41,641	2,257,255
National Indian Law Library	24,112	202,256	3,422	229,790
Total program services	<u>515,975</u>	<u>1,926,007</u>	<u>45,063</u>	<u>2,487,045</u>
Support services:				
Management and general	80,191	341,796	8,556	430,543
Fund raising	212,356	95,213	3,422	310,991
Total support services	<u>292,547</u>	<u>437,009</u>	<u>11,978</u>	<u>741,534</u>
Total expenses	<u>808,522</u>	<u>2,363,016</u>	<u>57,041</u>	<u>3,228,579</u>
Excess (deficiency) of support and revenue over expenses	94,702	67,537	(57,041)	105,198
Fund balances, beginning of year	<u>465,993</u>	<u>—</u>	<u>370,404</u>	<u>836,397</u>
Other changes in fund balances:				
Acquisition of property and equipment	(12,120)	(40,489)	52,609	
Repayment of mortgage and notes payable	(361)	(24,220)	24,581	
Interest earned on Legal Services Corporation funds	(22,993)	22,993		
	<u>(35,474)</u>	<u>(41,716)</u>	<u>77,190</u>	
Fund balances, end of year	<u>\$525,221</u>	<u>\$ 25,821</u>	<u>\$390,553</u>	<u>\$ 941,595</u>

NATIVE AMERICAN RIGHTS FUND, INC.

STATEMENT OF CHANGES IN CASH

FOR THE YEAR ENDED SEPTEMBER 30, 1985

	<u>Current funds</u>		<u>General fixed asset fund</u>	<u>Total all funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>		
Cash was provided by (used for):				
Excess (deficiency) of support and revenue over expenses	\$ 94,702	\$ 67,537	\$(57,041)	\$ 105,198
Add (deduct) items not affecting cash:				
Deferred revenue and grants receivable recognized as support and revenue		(345,330)		(345,330)
Depreciation			57,041	57,041
Deferred revenue received and grants receivable collected		910,412		910,412
Increase (decrease) in interfund receivable/payable	590,903	(590,903)		
Increase in other receivables	(24,851)			(24,851)
Increase in prepaids	(6,184)			(6,184)
Decrease in accounts payable	(38,066)			(38,066)
Decrease in accrued sabbatical leave	(11,953)			(11,953)
Increase in other accrued expenses	26,110			26,110
Cash provided by operations	<u>630,661</u>	<u>41,716</u>	<u>—</u>	<u>672,377</u>
Cash was used for:				
Increase in marketable securities	271,206			271,206
Net fund balance transfers	35,474	41,716	(77,190)	
Acquisition of property and equipment			52,609	52,609
Repayment of mortgage and notes payable			24,581	24,581
	<u>306,680</u>	<u>41,716</u>	<u>—</u>	<u>348,396</u>
Increase in cash	<u>\$323,981</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 323,981</u>

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

NATIVE AMERICAN RIGHTS FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1985

	Program services			Support services			Total expenses
	Litigation and client services	National Indian Law Library	Total	Management and general	Fund raising	Total	
Salaries and wages:							
Profession staff	\$ 734,520	\$ 59,744	\$ 794,264	\$145,295	\$ 60,539	\$205,834	\$1,000,098
Support staff	194,135	50,349	244,484	63,181	35,266	98,447	342,931
Fringe benefits	177,443	15,024	192,467	35,210	18,128	53,338	245,805
Total salaries and related costs	1,106,098	125,117	1,231,215	243,686	113,933	357,619	1,588,834
Contract fees and consultants	420,773	68,409	489,182	62,799	44,411	107,210	596,392
Travel	187,963	3,600	191,563	24,191	8,479	32,670	224,233
Space costs	65,445	5,310	70,755	35,505	5,415	40,920	111,675
Office expenses	358,048	18,978	377,026	49,995	132,911	182,906	559,932
Equipment maintenance and rental	27,065	2,180	29,245	5,811	2,420	8,231	37,476
Litigation costs	20,436		20,436				20,436
Library costs	29,786	2,774	32,560				32,560
Expenses before depreciation	2,215,614	226,368	2,441,982	421,987	307,569	729,556	3,171,538
Depreciation	41,641	3,422	45,063	8,556	3,422	11,978	57,041
Total expenses	<u>\$2,257,255</u>	<u>\$229,790</u>	<u>\$2,487,045</u>	<u>\$430,543</u>	<u>\$310,991</u>	<u>\$741,534</u>	<u>\$3,228,579</u>

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

NATIVE AMERICAN RIGHTS FUND, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1985

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

Native American Rights Fund, Inc. (NARF) was incorporated in 1971 under the nonprofit corporation law of the District of Columbia and has a primary objective of providing legal representation, assistance and education to Native American people. NARF derives financial support from private foundations, the United States Government, public contributions and a limited fee policy.

NARF is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code and, as such, is subject to federal income taxes only on unrelated business income.

Revenue recognition:

A substantial portion of NARF's revenue is derived from restricted grants and contracts. Revenue from such restricted sources is deemed to be earned when NARF has incurred costs which satisfy restrictions imposed by the respective grants or contracts. Funds received from restricted sources in excess of costs incurred are reported as deferred revenues. For costs incurred in excess of funds received from restricted sources, revenue and related receivables are recognized to the extent of such costs unless, in management's opinion, future grant or contract funds will be insufficient. In such cases, costs are charged to unrestricted funds.

Contributions and donations from unrestricted sources are generally recognized when received; however, enforceable pledges are recorded as revenue and receivables in the year made. Donations of marketable securities or other in-kind contributions are recorded as revenue at their estimated fair market value at the date of contribution.

Interfund receivable (payable):

Generally, funds received by NARF are deposited in a general bank account, and segregation of cash and certain other assets and liabilities between restricted and unrestricted funds is not maintained in the accounting records. Segregation of revenue and expenditures applicable to restricted, unrestricted (including segregation within the restricted fund by grant source) and the general fixed asset funds is maintained in the accounting records. The interfund receivable (payable) results from the excess of net assets specifically identifiable with the restricted fund over the receipt of deferred revenue at September 30, 1985.

Allocation of expenses:

Expenses are allocated to grants based on time devoted to projects by attorneys, except where expenses are specifically identifiable with a particular grant or project.

Professional staff:

Personnel classified as professional staff include attorneys, legislative assistants, librarians and office management personnel.

Fund raising:

Fund-raising expenses are comprised of costs associated with contribution revenue and costs associated with obtaining grants from private foundations and governmental agencies.

Property and equipment:

Purchases of property and equipment and payments on the note and mortgage liabilities are expenditures of the current funds. Such expenditures are treated as transfers to the general fixed asset fund (Note 4).

Depreciation:

Depreciation is computed over the estimated useful lives of the assets using the straight-line method for buildings, the professional library, and computer hardware and software, and the declining balance method for other property and equipment.

NOTE 2 – MARKETABLE SECURITIES:

Marketable securities consist of marketable corporate securities and mutual fund investments. These investments are stated at market value, which was \$8,030 less than cost (\$395,981) at September 30, 1985. Investment income for 1985 was \$28,860. Declines in market value from cost are recognized when the aggregate market value is less than the carrying amount. Recoveries of aggregate market amounts are recorded in the period realized subject to the limitation that the carrying amount does not exceed the original cost.

NOTE 3 – GRANTS RECEIVABLE AND DEFERRED REVENUE:

Grants receivable and deferred revenue consisted of the following individual restricted grants or contracts at September 30, 1985:

	Grants receivable	Deferred revenue
Ford Foundation		\$406,342
Department of Health and Human Services, Administration for Native Americans	\$177,225	
Legal Services Corporation		8,503
Carnegie Corporation		997
Bureau of Indian Affairs	50,081	
J. Roderick MacArthur Foundation		16,667
Rockefeller Foundation	50,000	
	<u>\$277,306</u>	<u>\$432,509</u>

NOTE 4 – TRANSFERS TO GENERAL FIXED ASSET FUND:

Net transfers to the general fixed asset fund from current restricted and unrestricted funds consisted of the following during the year:

Acquisition of office equipment, furnishings and improvement, net	\$46,256
Additions to professional library	6,353
Reduction in mortgage and notes payable	24,581
	<u>\$77,190</u>

NOTE 5 – MORTGAGE AND NOTES PAYABLE:

Mortgage and notes payable consisted of the following at September 30, 1985:

	Portion due within one year	Total
Mortgage loan payable in equal monthly installments of \$482, in- cluding interest at 5 ½ %, through April 1986. Secured by land and building.	\$ 2,660	\$ 2,987
Promissory notes payable in equal monthly instalments of \$720, in- cluding interest at 9%, through October 1985, with the remaining principal due November 1985. Secured by land and building.	57,360	57,360
Promissory note payable in 60 monthly instalments, including in- terest at 10.2%, through Novem- ber 1988. Secured by \$100,000 certificate of deposit.	17,540	62,166
Other long-term debt	693	693
	<u>\$78,253</u>	<u>123,206</u>
Less—Current portion of long-term debt		(78,253)
Portion due after one year		<u>\$ 44,953</u>

Annual maturities of long-term debt are as follows (fiscal years):
1987—\$19,715; 1988—\$21,448; and 1989—\$3,790.

NOTE 6 – SETTLEMENT OF LAWSUIT:

On December 6, 1984, NARF reached an out-of-court settlement of approximately \$48,000 relating to a lawsuit it filed to recover the cost of a computer system. Revenue related to this settlement was recognized in fiscal 1985 as cash was received.

NOTE 7 – COMMITMENTS:

NARF leases office and equipment under operating leases. The following is a summary of future minimum rental payments under operating leases:

Year ending September 30,	Office space	Equipment	Total
1986	\$30,060	\$ 7,464	\$37,524
1987	20,040	7,464	27,504
1988		6,093	6,093
	<u>\$50,100</u>	<u>\$21,021</u>	<u>\$71,121</u>

Rental expense for 1985 was \$11,391.

IN APPRECIATION

The Native American Rights Fund would like to acknowledge the generous support given by the following contributors during the 1985 fiscal year:

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Austin Community Foundation
Acorn Foundation
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University of Colorado Museum,
David Mayo
University Inn

Memorials (100+)

<i>For:</i>	<i>By:</i>
Tom Echohawk	Lucille Echohawk
James E. Murphy	Sharon M. Murphy
Anna W. & Harold L. Ickes	Raymond W. Ickes

(In addition to the \$100+ memorials, 67 gifts were made through the Otu'ban memorial program during the 1985 fiscal year.)

Bequests

Elizabeth French Babbott
Sara R. Shaw

Tribal Contributions

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Hoopa Valley Business Council
Lac Courte Oreilles
Nome Eskimo Community
Pamunkey Tribe
Southern Ute Indian Tribe
Tlingit and Haida Indian Tribes
Walker River Paiute Tribe

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(CFC): Thank you to the hundreds of federal employees throughout the country, who, collectively, contributed more than \$55,000 to NARF in 1985 through a payroll deduction plan.

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