Native American Rights Fund

1995 Annual Report
NATIVE AMERICAN RIGHTS FUND

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CREDITS

FEATURED ARTIST:
Andersen Kee, Navajo, grew up on the Navajo Reservation in Arizona and graduated from the Institute of American Indian Arts in Santa Fe, New Mexico. Though a relative newcomer to the ranks of career artists, his work is in great demand and is being exhibited and sold in leading galleries in the West. Besides being an artist, Andersen is also an accomplished silversmith and sculptor. Andersen currently lives in Taos, New Mexico.

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PHOTO CREDITS:
Thorney Lieberman, Board of Directors and staff group photo.
Ray Ramirez, client and activities photos.
For the past 25 years, the Native American Rights Fund (NARF) has represented over 190 Tribes in 31 states in such areas as tribal restoration and recognition, land claims settlements, hunting and fishing rights, the protection of Indian religious freedom, and many others. In addition to the great strides NARF has made in achieving justice on behalf of Native American people, perhaps NARF's greatest distinguishing attribute has been its ability to bring excellent, highly ethical legal representation to dispossessed Tribes. NARF has been successful in representing Indian tribes and individuals in cases that have encompassed every area and issue in the field of Indian law. A brief review of NARF's origin will give a better understanding of NARF's role in the struggle to protect Native rights in today's society.

The Founding of the Native American Rights Fund

In the 1960's, the federal government and private philanthropists began to address the inability of underserved populations to access legal services. The federal government funded a network of legal services programs to serve a variety of populations and it soon became apparent through the work of those programs that there were several population groups among those needing legal services which had unique needs.

Native Americans, whose lives have long been governed by the hundreds of treaties, thousands of federal statutes, and numerous regulations and administrative rulings which make up the specialized body of law known as federal Indian law, were one such group whose needs demanded a specialized legal practice with a national purview.

The Native American Rights Fund was formed in California in 1970 to address the need for a central, national perspective in the practice of federal Indian law. NARF, then a pilot project, was assisted in its work by the legal academic community and California Indian Legal Services. Funding was provided by the Ford Foundation.

The need for NARF's services was quickly established, and in 1971, NARF moved its growing staff to Boulder, Colorado, a location more central to Indian country. Since the beginning, the national scope of legal work undertaken by NARF as a non-profit 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 confirmed the great need for Indian legal representation on a national basis. This legal advocacy on behalf of Native Americans is more crucial now than ever before. NARF strives to protect the most important rights of Indian people within the limit of available resources. To achieve this goal NARF's Board of Directors has defined five priority areas for NARF's work:

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.

"Indian lawyers have the finest, the most worthy, clients. Most of them lack a full understanding of this commercial world, but they know another and better world, and they in fact are very sophisticated people, able to make right and true decisions. And they are fighters."

Charles Wilkinson
In 1995, the Native American Rights Fund observed the 25th anniversary of its founding. During this 25 year period, Native nations forced an end to the federal policy of terminating tribal governments and created a new policy of tribal self-determination and self-governance that recognizes tribal governments as permanent institutions in the American system along with the federal and state governments. NARF is proud to have played a key role during this time by providing legal advice and representation to Indian tribes, organizations and individuals in cases of major national significance that have helped to forge this new policy.

NARF has continued its program of legal assistance on priority issues during 1995 and those efforts once again resulted in several significant victories for Native Americans.

In Oklahoma Tax Commission v. Chickasaw Nation, the United States Supreme Court ruled that Oklahoma had no jurisdiction to tax sales of motor fuels where the tribe was the retailer and sold the fuel on tribal land held in trust for them by the federal government. On another issue, however, the Court decided that a Chickasaw treaty did not prohibit the state from taxing the income of tribal members who worked for the tribe on tribal trust lands but resided outside of Indian country. NARF filed an amicus curiae brief in the case on behalf of the National Congress of American Indians and nine tribes in support of the Chickasaw Nation.

An Oklahoma federal district court affirmed the decision of the Supreme Court of the Cheyenne & Arapaho Tribes upholding the authority of the Cheyenne-Arapaho Tribes to impose a severance tax on oil and gas development activities by energy companies on allotted Indian lands held in trust for individual Cheyenne and Arapaho tribal members by the federal government. NARF represents the Tribes' Tax Commission in this case, Mustang Fuel Corporation v. Hatch, and is defending the decision on appeal.

In Cheyenne-Arapaho Tribes v. United States, the Court of Federal Claims ruled that the Tribes represented by NARF did not have to relitigate the finding of federal liability in Cheyenne-Arapaho Tribes v. Woods and could present a monetary damages claim against the United States. NARF had won the Woods case in a federal appeals court in 1992 stopping the Bureau of Indian Affairs from illegally extending the terms of three tribal oil and gas leases in Oklahoma at below market rates without tribal consent and establishing a breach of the federal government's fiduciary duty to manage Indian trust lands prudently.

In an important subsistence fishing rights case, a federal appeals court held in Katie John v. United States that Alaska Natives have subsistence fishing rights in all navigable waters in which the United States has reserved water rights. The court rejected the State of Alaska's position which would have limited subsistence fishing rights to non-navigable waters within federal lands and wiped out most Alaska Native subsistence fishing. NARF represents two Athabascan elders, the Mentasta Village Council and the Alaska Federation of Natives in the case.

NARF was successful in asserting the legal priority that subsistence fishing has over commercial fishing under federal law in Elim v. Alaska. An Alaska state court enjoined the state from providing for a commercial sockeye salmon fishery at False Pass in the Aleutian chain until it justified the taking of so many chum salmon bound for a subsistence fishery in Norton Sound. NARF represents several Alaska Native villages in the Norton Sound area that have seen their subsistence fishery for chum salmon decline due to the False Pass fishery.

NARF successfully represented the Pawnee Tribe of Oklahoma in repatriation claims against the Smithsonian Institution under the repatriation provisions of the National Museum of the American Indian Act. The Pawnee Tribe, together with related Arikara and Wichita tribal representatives, reburied the repatriated remains of 300 ancestors and associated funerary objects in their aboriginal lands in Nebraska and many of those remains were from the Smithsonian. When the Smithsonian refused to repatriate an additional 50 remains, NARF appealed to the Smithsonian Review Committee and prevailed in the first appeal under the Act.

In these cases and hundreds of others over the last 25 years, the Native American Rights Fund has provided access to justice for Native American people across the country on some of the most important Native American issues of our time and has proven that the legal system can work for Indian people. We could not have achieved this success without the financial support that we have received from throughout the nation. We thank all of you who have assisted us and encourage you to continue your support so that we may continue to make progress on behalf of Native American people.

John E. Echhawh, Executive Director

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Executive Director's Report

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In recognition of the 25th Anniversary of the Native American Rights Fund, Indian leaders, Indian lawyers, Indian advocates, and other interested individuals gathered in Boulder, Colorado, in August of 1995 to review legal and political challenges facing us in the next 25 years, but also discussed achievements during the last 25 years. It was acknowledged that many of the gains achieved during this past quarter century can be directly attributed to the efforts of the Native American Rights Fund.

As we look back, it would be tempting to celebrate only the positive milestones accomplished during these years but we know all too well the ongoing political realities confronting Indian country. While we've fought long and hard for the achievements realized, we still find ourselves addressing many of the basic issues that were in the forefront 25 years ago. Basic, inalienable rights deemed sacrosanct by Indian people are continuously in jeopardy and the fight must continue. We know that within the legislative and judicial systems of this nation, there are only a handful of people having even a limited knowledge of Indian law, Indian culture, and the meaning tribal sovereignty - yet those leaders are in charge of determining federal Indian policy. To compound the dilemma, policy often vacillates with every new swing of the political pendulum, leaving each of our generations to pick up the pieces and repeatedly start the process all over again.

As we enter the new year, Indian people are once more faced with a hostile Congress whose priorities include revival of termination policies, renewed assaults on sovereignty, and creative ways to shirk guaranteed trust obligations owed by the federal government. The systematic attack on tribal rights covers a broad range of topics. The assault sweeps from the denial of Indian First Amendment rights all the way to proposed legislation designed to dismantle emerging tribal economies for having shown some recent positive financial gain in some of the poorest regions of the United States. This being done without regard for the fact that both Indians and non-Indians may have benefited. With the current Congress, it also seems that tribal programs are expected to absorb an uneven and unequal share of budget cuts while the disparity between the majority society and Indian societies continues to widen.

As was discussed at the 25th Anniversary gathering, the critical Indian issues of today are not contemporary ones, but issues that have evolved over the centuries. Since the inception of the United States, we, as Indian people, have had to appear before Congress again and again requesting laws that might protect cultural and religious rights as well as tribal sovereignty. Today, we must again appear before Congress continuing to ask for those same protections - even though many have already been historically and legally defined in the past.

So, what do we do for the next 25 years? The consensus is that NARF must continue to do basically the same thing that we have done for the past 25 years - striving to safeguard the legal and sovereign rights of tribes and Indian people. The nation and all of Indian country can be assured that the Native American Rights Fund will lead the way and carry the banner into the next 25 years.

Evelyn Stevenson, Chairperson
In the formation of the Native American Rights Fund, a governing board was assembled composed of Indian leaders from across the country — wise and distinguished people who were respected by Indians nationwide. Since that time, the NARF Board of Directors has continued to provide NARF with leadership and credibility and the vision of its members has been essential to NARF's effectiveness in representing its Native American clients.

Chairperson
Evelyn Stevenson
(Salish-Kootenai)
Montana

Vice Chairperson
Willie Kasayulie (Yupik)
Alaska

David Archambault
(Standing Rock Sioux)
North Dakota

Roy Bernal
(Taos Pueblo)
New Mexico

Gilbert Blue
(Catawba)
South Carolina

Mildred Cleghorn
(Fort Sill Apache)
Oklahoma

Cliv Dore
(Passamaquoddy)
Maine

Kathryn Harrison
(Confederated Tribes of Grand Ronde)
Oregon

Rick Hill
(Oneida)
Wisconsin

Judy Knight-Frank
(Ute Mountain Ute)
Colorado

Will Mayo
(Native Village of Tanana)
Alaska

Rev. Kaleo Patterson
(Native Hawaiian)
Hawaii

Rebecca Tsosie
(Pasqua Yaqui)
Arizona
The National Support Committee was established in 1978 to assist NARF with its fundraising and public relations 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 40 volunteers on the Committee are committed to upholding the rights of Native Americans.
CORPORATE OFFICERS

John E. Echahawk (Pawnee)  
Executive Director/Attorney  

K. Jerome Gottschalk  
Litigation Management Committee  
Member/Attorney  

Yvonne T. Knight (Ponca-Creek)  
Litigation Management Committee  
Member/Attorney  

Mark Tilden (Navajo)  
Litigation Management Committee  
Member/Attorney  

Marilyn E. Pourier (Oglala Lakota/Cheyenne River Sioux)  
Director of Development  

Ray Ramirez  
Secretary/Editor/Grant Writer  

Clela Rorex  
Treasurer/Law Office Administrator  

Michael Kennedy  
Assistant Controller  

Michel McKenzie  
Documents/Records Clerk  

Ghulam Nabiyar  
Office Services Clerk  

Sonya Paul (Navajo)  
Legal Secretary/Legal Assistant  

Mary Lu Prosser (Cheyenne River Sioux)  
Development Assistant/Planned Giving  

Donald M. Ragona  
Oglala Lakota/Mattinecock  
Director of Major Gifts  

Pat Ragona (Rosebud Sioux)  
Payroll/Accounts Payable Clerk  

Kiohoo Ramirez (Tohono O’odham)  
Office Services Lead Operator  

Lara Smith (Cheyenne River Lakota)  
Development Administrative Assistant  

Debbie Raymond-Thomas (Navajo)  
Assistant Controller  

Rhoda M. Thompson (Navajo)  
Legal Secretary/Legal Assistant  

Marilyn White (St. Regis Mohawk)  
Executive Assistant for LMC  

INDIAN LAW SUPPORT CENTER

Steven C. Moore  
Director/Attorney  

NATIONAL INDIAN LAW LIBRARY

deana harragarra waters  
(Kiowa/Oto-Missouria)  
Law Librarian/Attorney  

Marie Kindred (Northern Arapaho)  
Librarian Attorney  

Laura West (Native Hawaiian)  
Technical Services Assistant  

ANCHORAGE OFFICE STAFF

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Attorney  

Heather Kendall (Athabascan)  
Attorney  

Marie Jeter (Tlingit)  
Legal Administrative Assistant  

WASHINGTON, D.C. OFFICE STAFF

Richard Dauphinais  
(Turtle Mountain Chippewa)  
Attorney  

James K. Kawahara (Winnebago)  
Attorney  

Robert M. Peregoy (Flathead)  
Attorney  

Keith Harper (Cherokee)  
Skadden Fellow  

NARF’s Staff
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 such 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. NARF also continues its work on sovereignty issues (including tribal jurisdiction and taxation rights) and in the area of Indian economic development in appreciation of the fact that the future of tribal existence is closely tied to the development of tribal economies.

Tribal Sovereignty

Because they are sovereign, self-governing bodies, tribes possess the power to regulate the internal affairs of their members as well as the activities within their reservations. Conflicts often arise with states, the federal government, and others over tribal sovereignty. During 1995, NARF handled several major cases that affected the sovereign powers of tribes. These cases involved serious issues of taxation and jurisdiction in several states.

In A-1 Contractors v. The Honorable William Strate, after the Tribal Court for the Three Affiliated Tribes of the Fort Berthold Reservation in North Dakota found that it had jurisdiction over a personal injury action arising between two non-Indians on the reservation, one of the non-Indians challenged the Tribal Court decision in federal court. NARF undertook representation of the Tribal Court in the federal proceedings. The Eighth Circuit Court of Appeals affirmed the federal district court's decision which had upheld NARF's position that the tribe had jurisdiction. The Court held that tribes have jurisdiction over civil cases arising on Indian land regardless of the race or political status of the parties. The Court then granted A-1 Contractors' petition in January, 1995, for a rehearing before the full (en banc) Eighth Circuit. Oral arguments have been held and a decision is now pending.

On behalf of the National Congress of American Indians and nine tribes, NARF filed an amicus curiae brief in the United States Supreme Court in Oklahoma Tax Commission v. Chickasaw Nation supporting the Chickasaw Nation. In June, 1995, the Court ruled in favor of the Chickasaw Nation holding that the State of Oklahoma had no jurisdiction to tax sales of motor fuels where the tribe was the retailer and sold the fuel on tribal land held in trust for them by the federal government.

In July, 1995, in Mustang Fuel Corporation v. Hatch, an Oklahoma federal district court affirmed the decision of the Supreme Court of the Cheyenne & Arapaho Tribes upholding the authority of the Cheyenne-Arapaho Tribes of Oklahoma to impose a severance tax on oil and gas development activities by energy companies on allotted Indian lands held in trust for individual Cheyenne and Arapaho tribal members by the federal government. NARF represents the Tribes’ Tax Commission and secured the participation of the United States as amicus curiae in support of the Tribes. This is the first time that
a federal court ever reviewed a tribal court decision on the merits of tribal taxing authority. The energy companies have appealed the decision.

NARF continued representing the Kluti Kaah Native Village of Copper Center, a traditional tribe, in its effort to collect tribal taxes from several oil companies. In Alyeska Pipeline Service Co. v. Kluti Kaah Native Village of Copper Center, the oil companies sued to enjoin the Village from enforcing its tax ordinance, claiming that Kluti Kaah was not a federally-recognized tribe and, thus, lacked taxing authority. The federal district court in Alaska previously held that the Village may well have tribal status with sovereign tribal authority to tax the Trans-Alaska Pipeline System which runs through Alaska Native lands and called for a trial on those issues. A trial was held in January, 1994, to determine if Native corporation lands traversed by the Trans-Alaska Pipeline is Indian country and thus subject to a tribal tax. A ruling by the court is pending.

NARF represents the Native Village of Venetie in State of Alaska v. Native Village of Venetie. This case involves the Tribe's authority to impose a tax on a non-member who engages in business activity within the Village. The Alaska federal district court in August, 1995, ruled that Venetie, although a tribe, is not a dependent Indian community under federal law and therefore is not Indian country in which it can impose tribal taxes. NARF is appealing the decision to the Ninth Circuit Court of Appeals arguing that Venetie's one million acres held by the tribe in fee simple and occupied almost exclusively by tribal members is a dependent Indian community over which the tribe has jurisdiction. NARF is also arguing that the federal district court was wrong in ruling that the Alaska Native Claims Settlement Act of 1971 extinguished the Indian country status of Alaska Native villages.

In Native Village of Barrow v. City of Barrow, another Indian country case, NARF represents the Native Village of Barrow in efforts to stop the City of Barrow from allowing liquor sales in the community. The boundaries of the Village and the City are roughly contiguous and the population is
36% non-Native. Federal law prohibits the sale of liquor in Indian country without tribal consent and the Village is opposed to liquor sales. The Village is also composed of numerous Native allotments and townsite lots held in trust by the United States which by law are defined as Indian country.

In *Nevada v. Hicks*, NARF represents the Fallon Paiute-Shoshone Tribes in federal district court where their tribal court was sued after their tribal court of appeals found jurisdiction over a civil case arising on the reservation. The complaint was filed in tribal court by a tribal member against the State of Nevada and state officials. This case provides a precedent setting legal issue that may very well impact all tribes. Oral arguments were held before the federal district court in October, 1995, and a decision is now pending. NARF is also participating on behalf of the Tribes as *amicus curiae* in *Lewis County v. Allen*, a similar case pending in the Ninth Circuit Court of Appeals.

**Indian Economic Development Law Project**

The emphasis of NARF's Indian Economic Development Law Project (IEDLP) has continued to be on achieving increased control by tribal governments over their communities and their destinies. One avenue to achieving control is through the development of tribal government agencies. This requires the development of tribal governmental infrastructures necessary to implement and administer tribal entities such as courts and regulatory agencies. NARF recognizes that independent sources of revenue from which to fund locally derived priorities — i.e. a tribal tax base, and greater capacity to manage and foster the integrity of tribal homelands as they affect the health and the environment of Indian country residents — is necessary to the task.

In working toward this goal, the Project has continued to serve on the National Indian Policy Center (NIPC) Task Forces for Natural Resources, the Environment, the Law, and Administration for Justice. The Project has been assisting the NIPC with the review and prioritization of proposals for a research paper on tribal courts and tribal taxation.

The Project continues to operate from the perspective that environmental and economic development issues are integrally related in Indian country. This perspective takes into account that reservations are permanent homelands for tribes and that any planned development which affects the land, resources or the people, must take into account their impact for several generations to come; and, that environmental issues are themselves serious economic development opportunities that must be carefully studied and assessed.

NARF has played a key role in the implementation of federal environmental law and policy that recognizes tribal governments as the primary regula-
tors and enforcers of the federal environmental laws on Indian lands. NARF will continue to work with tribes, the National Tribal Environmental Council and other Indian organizations to maintain the progress that has been made with the Environmental Protection Agency and other federal agencies. As a member of the Green Group, the coalition of national environmental organizations, NARF will continue to educate the environmental community on the role of tribes in environmental law and policy.

NARF continued its work with the Klamath Tribe of Oregon on their Economic Self-Sufficiency Plan (ESSP) which was mandated by Congress in 1986 in the Klamath Tribal Restoration Act which reversed the Tribe’s termination in 1954. A final draft is circulating in the Bureau of Indian Affairs before it must be finalized by the Secretary of the Interior and submitted to Congress. The ESSP’s chief recommendation is the return of federally held tribal lands. It assesses the loss of tribal reservation lands to federal management as well as the costs of termination of the government-to-government relationship.

Federal Recognition and Restoration

NARF currently represents six Indian communities who have survived intact as identifiable Indian tribes but who are not federally recognized. These Indian tribes, for differing reasons, do not have a government-to-government relationship between themselves and the federal government. Traditionally, federal recognition was accorded to a tribe through treaty, land set aside for a tribe, or by legislative means. The majority of these NARF clients are seeking an administrative determination by the Department of Interior that they, in fact, have continued to exist as Indian tribes from the time of significant white contact to the present day and have continued to govern themselves and their members. NARF, therefore, prepares the necessary historical, legal, and anthropological documentation to support a petition for acknowledgment.

For more than 100 years, these Indian communities have been foreclosed from the benefits of a formal federal relationship with the federal government. Through administrative acknowledgment, NARF is now trying to bridge that gap.

On behalf of the United Houma Nation of Louisiana, NARF is responding to proposed findings against federal acknowledgment issued by the Bureau of Indian Affairs after NARF had filed a recognition petition for them. NARF is also monitoring litigation in Louisiana on behalf of the United Houma Nation that might affect their interest in land claims.

On behalf of the Mashpee Wampanoag Tribe of Massachusetts, NARF is responding to a notice of obvious deficiency issued by the Bureau of Indian Affairs after NARF had filed a recognition petition for them. NARF has also supplemented the petition for federal recognition filed on behalf of the Little Shell Tribe of Chippewa Indians of Montana and is pressing the Bureau of Indian Affairs for active consideration. Petitions for federal recognition are being prepared and will be filed by NARF on behalf of the Shinnecock Tribe of New York and the Pamunkey Tribe of Virginia.

In Miami Nation of Indians v. Babbitt, NARF is challenging the Bureau of Indian Affairs’ denial of the Miami Nation’s petition for federal recognition. An Indiana federal district court rejected the Miami’s claim that they were recognized by a 1854 treaty and have never been terminated by Congress. The court is currently considering other Miami claims that the Bureau of Indian Affairs erroneously rejected their petition by misapplying the criteria that must be met for recognition. The Bureau of Indian Affairs is also being asked to reconsider its decision based upon recent changes in the recognition regulations and recent related legislative and litigation developments.

On behalf of its federal recognition clients, NARF continued to monitor pending legislation in Congress that would reform the federal recognition process. NARF has testified about recognition procedures and criteria and is participating in a task force set up by the Bureau of Indian Affairs to help develop its response to the reform legislation.
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, the practice of tribal sovereignty is difficult. NARF helps Indian people to establish and maintain ownership and control over land and to assert their rights to water and hunting and fishing.

Protection of Indian Lands

Without a sufficient land base, tribal existence is difficult to maintain. In this area, NARF helps Native American people establish ownership and control over lands and natural resources which are rightfully theirs.

After obtaining a forum in the United States through a Senate resolution for the Keewattinosaging or “Northern Lakes” Pottawatomi Nation of Canada to present their claim against the United States for compensation for outstanding treaty entitlements, NARF filed suit on their behalf in the United States Court of Federal Claims in February, 1995. They had been foreclosed from bringing suit based on jurisdictional grounds because their ancestors had fled the United States in the early 1900's to escape forced removal to western lands. As a result of this flight, the United States has denied them their share of entitlements under Pottawatomi treaties.

In May, 1995, the Court of Federal Claims ruled in NARF’s favor in Cheyenne-Arapaho Tribes v. United States. The Court held that the Tribes represented by NARF did not have to re-litigate the finding of federal liability in Cheyenne-Arapaho Tribes v. Woods and could present a damages claim against the United States. NARF had won the Woods case in the Tenth Circuit Court of Appeals in 1992 enjoining the Bureau of Indian Affairs from illegally extending the terms of three tribal oil and gas leases in Oklahoma at below market rates without tribal consent and establishing a breach of the federal government’s fiduciary duty to manage Indian trust lands prudently. In July, 1995, the General Council of the Cheyenne-Arapaho Tribes approved a $1.5 million settlement offer from the energy companies involved in the Woods case.

NARF continued to advise the Catawba Tribe of South Carolina with implementation of the 1993 Catawba Indian Land Claim Settlement Act which NARF successfully worked with the Tribe to obtain. The Settlement Act provided a $50 million settlement and restored tribal status for the Catawbas. Research and advice is necessary as the Tribe asserts its governmental powers, develops a tribal court system and federally chartered tribal corporations, revises the tribal constitution and by-laws, and exercises its sovereign immunity from suit.

The Stockbridge-Munsee Tribe of Wisconsin, represented by NARF, has a land claim to 26,000 acres in New York pending in federal district court in New York against the State of New York and various local governments. The claim is based on the 1790 Non-intercourse Act as amended which invalidates any Indian land transactions which were made without federal approval. Plans are in process for negotiations on all Indian land claims in New York which would include this claim. On behalf of the Tribe, NARF has filed an amicus curiae brief in the United States Supreme Court in Seminole Tribe v. Florida which will determine the issue of whether states are immune from suit by Indian tribes under the Eleventh Amendment of the Constitution, a critical issue in this case.

In other Non-intercourse Act land claims, the Alabama-Coushatta Tribe is arguing that it has
established its aboriginal title to 6.5 million acres in what is now eastern Texas in proceedings before the United States Court of Federal Claims under a special jurisdictional act from Congress. The Tribe has a claim for monetary damages from the United States for failure to protect the Tribe's possession of its aboriginal land. NARF has represented the Tribe since 1981 and is currently awaiting a decision of a review panel. NARF has also resumed representation of the Ysleta del Sur Pueblo on their claim to aboriginal lands in west Texas and research is in progress.

NARF continued representing the San Juan Southern Paiute Tribe in the consolidated cases of Masayesva v. Zah v. James and Navajo Tribe v. U.S. v. San Juan Southern Paiute Tribe, involving the Navajo and Hopi Tribes in a dispute over an area of land in northern Arizona claimed by all three tribes. An Arizona federal district court in 1992 held that the San Juan Southern Paiutes had established exclusive use to 75 acres and joint use with the Navajo Tribe to another 48,000 acres of land. Those findings have been appealed to the Ninth Circuit Court of Appeals, but the appeal is pending while settlement negotiations proceed. The parties have reached an agreement in principle to settle the case and are working out the details.

The Tamarac National Wildlife Refuge in Minnesota is located on former tribal lands within the exterior boundaries of the White Earth Chippewa Reservation. Since the White Earth Band of Chippewa Indians has been unsuccessful in its efforts to have the land returned, they are now involved with NARF's assistance in negotiations with the United States Fish and Wildlife Service to manage the northern half of the Refuge.

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Water Rights

Establishing tribal rights to the use of water in the arid west continues to be a major NARF involvement. Under the precedent established by the United States Supreme Court in 1908 in the case of Winters v. United States and confirmed in 1963 in Arizona v. California, Indian tribes are entitled under federal law to sufficient water for present and future needs, with a priority date at least as early as the establishment of their reservations. These tribal reserved water rights are superior to all state-recognized water rights created after the tribal priority date, which in most cases will give tribes valuable senior water rights in the water-short West. Unfortunately, most tribes have not utilized their reserved water rights and most of these rights are unadjudicated or unquantified. As a result, tribal water claims constitute the major remaining water allocation issue in the West. The major need in each case is to define or quantify the exact amount of water to which each tribe is entitled. NARF pursues these claims on behalf of tribes through litigation or out-of-court settlement negotiations.

In Klamath Tribe v. Oregon, NARF represents the Klamath Tribe in seeking Supreme Court review of a 1994 decision by the Ninth Circuit Court of Appeals that rejected the Tribe's assertion that Oregon's water adjudication process does not meet the standards necessary for the State to assert jurisdiction over the Tribe's water rights. NARF also continues to assist the Tribe in obtaining and reviewing the hydrological, biological and other studies required to adjudicate the Tribe's reserved water rights to support its 1864 treaty hunting and fishing rights. In January, 1995, on behalf of the Klamath Tribe, NARF was successful in convincing the Bureau
Major Activities 1995 NARF Case Map

- Nez Perce Tribe - Water Rights (Idaho)
- Klamath Tribe - Water Rights & Self-Sufficiency (Oregon)
- Fallon Paiute-Shoshone Tribes - Jurisdiction (Nevada)
- Tule River Tribe - Water Rights (California)
- San Juan Southern Paiute Tribe - Land Claim (Arizona)
- Fort McDowell Indian Community - Water Rights (Arizona)
- NARF HEADQUARTERS - BOULDER, COLORADO
- Cheyenne-Arapaho Tribes - Jurisdiction w/ Okla. & Tex. (Oklahoma)
- Zuni Pueblo - Land Claim (New Mexico)
- Pele Defense Fund - Aboriginal Rights (Hawaii)
- Pai-Otana Association - Aboriginal Rights (Hawaii)

HAWAII

ALASKA
of Reclamation to develop a written interim water management plan for 1995 for Upper Klamath Lake in order to better protect the Tribe’s treaty protected fishery, including two species of fish which have been listed as endangered pursuant to the Endangered Species Act. These favorable management changes support the Tribe’s pending water rights claims by adopting the Tribe’s proposed water level for fishery purposes, agreeing to develop a long-term water plan, and re-initiating consultations under the Endangered Species Act to determine better ways to protect the endangered fishery in Upper Klamath Lake.

NARF continued to implement and monitor the Fort McDowell Indian Community’s water rights settlement in Arizona which was approved by Congress in 1991 and provides for 36,350 acre-feet of water, $25 million for economic development and a $13 million loan to assist the Tribe in putting its water to use. Part of the Tribe’s water comes from the Central Arizona Project managed by the Bureau of Reclamation, which is in the process of transferring management to the Central Arizona Water Conservation District. NARF is involved in these negotiations to protect the interests of the Tribe.

NARF is asserting the Chippewa-Cree Tribe’s rights to water flowing on and through the Rocky Boys Reservation in Montana in settlement negotiations with the Montana Reserved Water Rights Compact Commission and the federal government. Settlement negotiations are now focused on the concept of a regional pipeline which would serve both Indians and non-Indians with storage water from an off-reservation federal reservoir. If the parties can agree, a bill authorizing the pipeline and settling the Tribe’s water rights claims will be introduced in Congress.

NARF is also representing the Nez Perce Tribe of Idaho in efforts to secure their reserved water rights in the Snake River Basin adjudication. The Tribe is claiming sufficient water for instream flows to protect tribal fisheries and for irrigation and domestic uses. Settlement negotiations with the State of Idaho and private parties have been proceeding simultaneously with litigation, but the litigation is now stayed to allow negotiations to proceed without distractions.

For the past several years, NARF has been advising the Tule River Tribe in California on identifying the existence and scope of the Tribe’s water rights and designing a conceptual water development plan for the Reservation. The Tribe anticipates requesting a federal water rights negotiating team soon to commence settlement negotiations over its water rights claims. The Tribe has received federal funding to establish a Tribal Water Resource Division and conduct a domestic water supply needs assessment.

NARF is represented on the Western Water Policy Review Advisory Commission which is composed of members appointed by the President and the Congress. The Commission is to undertake a comprehensive review of federal activities in the 19 western states which affect the allocation and use of water resources and submit a report of findings and recommendations to Congress in 1997. It is hoped that the recognition and development
of Indian reserved water rights and other Indian water issues can be prominently featured in the final report.

In September, 1995, NARF co-sponsored with the Western States Water Council the fourth Symposium on the Settlement of Indian Reserved Water Rights Claims. There is continuing widespread interest among Indian and non-Indians alike in resolving Indian water rights issues through out-of-court settlements. These meetings responded to that interest by featuring speakers involved in successful settlement negotiations and related topics and encouraging discussion by participants.

**Hunting and Fishing**

The right to hunt and fish in traditional areas, both on and off reservations, and for both subsistence and commercial purposes, remains a vital issue in Indian country. NARF has long been instrumental in assisting tribes to assert hunting and fishing rights, which are guaranteed by treaty or other federal law.

NARF won a substantial victory in April, 1995, when the Ninth Circuit Court of Appeals decided *John v. United States*. Federal law recognizes a priority for rural Alaska residents, mostly Natives, to hunt and fish for subsistence purposes over commercial and sport hunting and fishing on public lands. In *John*, the Court held that public lands to which subsistence hunting and fishing rights attach include navigable waters in which the United States has reserved water rights. The Court rejected the State of Alaska's argument that public lands included no navigable waters, which would have wiped out subsistence fishing rights that Natives have been exercising since time immemorial.

In May, 1995, NARF filed *Native Village of Eyak v. Traveler Diane Marie, Inc.* which asserts aboriginal title on behalf of Alaska Native tribes to the Outer Continental Shelf in Prince William Sound and the Gulf of Alaska. It challenges the Department of Commerce's Individual Fishing Quota (IFQ) regulations for halibut and sable fish on the ground that such regulations authorize non-tribal members possessing IFQ's to fish within exclusive tribal fishing grounds without tribal consent, while at the same time prohibiting tribal members without IFQ's from fishing within their own aboriginal territory. The issue presented is whether the Alaska Native Claims Settlement Act of 1971 extinguished aboriginal title outside the three mile limit.

In the case *Nome Eskimo Community v. Babbitt*, NARF is assisting Nome Eskimo Community in asserting its rights and authority to manage its historic and traditional subsistence fishery. The Tribe has claimed aboriginal title in the Outer Continental Shelf (OCS) beyond the State's three mile limit. This case was dismissed in October, 1995, by the United States Ninth Circuit Court of Appeals. The Court held that the case was moot since the gold lease sales on the OCS complained of by the Tribe were cancelled by the federal government.

In *Elim v. Alaska*, NARF represents several Norton Sound area Alaska Native villages that depend on Norton Sound chum salmon stocks for a subsistence fishery that is now in decline because the State allows those fish to be intercepted and harvested in the commercial sockeye salmon fishery at False Pass in the Aleutian chain. The suit asserts the legal priority that subsistence fishing has over commercial fishing under federal law. In September, 1995, the Alaska state court enjoined the State from providing for the False Pass fishery in 1996 until it further justified the taking of so many chum salmon.

NARF is assisting the Gwich'in Nation of Alaska and Canada in their opposition to ongoing Congressional efforts to open up the Arctic National Wildlife Refuge to oil development. The Gwich'in depend on subsistence hunting of the Porcupine caribou herd which has its calving grounds in the Refuge and fear that the herd would be adversely impacted by such development.

In *Kluti Kaah Native Village of Copper Center v. Rosier*, NARF is assisting the Village in changing state and federal regulations governing the subsistence harvests of caribou and moose in the Copper River Basin. NARF argues that the Board of Game violated the state subsistence law by failing to provide an adequate hunting season to obtain moose for subsistence uses, and seeks to establish that the subsistence priority include consideration of customary and traditional uses of a resource.
In 1995, NARF provided assistance in several matters involving religious freedom and education. NARF, on behalf of its clients, seeks to enforce and strengthen laws which are designed for the unique needs and problems of Native Americans in this area.

Religious Freedom

Because religion is the foundation that holds Native communities and cultures together, religious freedom is a NARF priority issue. As a result, NARF has utilized its resources to protect First Amendment rights of Native American religious leaders, prisoners, and members of the Native American Church, and to assert tribal rights to repatriate burial remains. Since Native American religious freedom affects basic cultural survival of Indian tribes, NARF believes that American law and social policy must provide adequate legal protection.

NARF is working on two initiatives designed to protect the religious freedom of Native American prisoners whose religious rights have been seriously eroded since 1987 when United States Supreme Court decisions began weakening protections of the free exercise of religion by prisoners under the First Amendment of the Constitution. First, on behalf of the Native American Church of North America and a national coalition of Native prisoner advocates, NARF is seeking a directive from the Attorney General of the United States protecting the free exercise of religion rights of Native prisoners confined in federal prisons. Second, NARF is targeting and encouraging the filing of several federal court actions to protect the free exercise of religion rights of Native prisoners under the recently enacted 1993 Religious Freedom Restoration Act and to overturn bad caselaw in this area.

In late 1994, President Clinton signed into law Public Law 103-344 which exempts the religious use of peyote by Indians in bona fide traditional ceremonies from controlled substance laws of the federal and state governments. NARF represented the Native American Church of North America and played a key role in the passage of the legislation. It also prohibits discrimination against Indians for such religious use of peyote, including the denial of otherwise applicable benefits under public assistance programs. The bill closes the door to governmental prohibition of sacramental use of peyote by Indians and effectively reverses a 1990 United States Supreme Court decision in Smith v. Oregon that denied First Amendment protection to the Native American Church. NARF continued to assist the Native American Church of North America on issues involving the cultivation and importation of peyote for religious purposes.

NARF represents the Pawnee Tribe of Oklahoma in repatriation claims against the Smithsonian Institution under the repatriation provisions of the National Museum of the American Indian Act. In June, 1995, the Pawnee Tribe, together with related Arikara and Wichita tribal representatives, reburied the remains of 300 ancestors and associated funerary objects in their aboriginal lands in Nebraska. Many of the remains were from the Smithsonian. However, the Smithsonian refused to
“...don’t sit silent, silence can kill the spirit of who you are and what you believe in.”

Gloria Mendoza (Santa Fe, NM)

repatriate some 50 remains and the Tribe appealed to the Smithsonian Review Committee. In October, 1995, in the first appeal under the Act, the claim of the Tribe was upheld.

Education

NARF has implemented an Indian Education Legal Support Project with its central theme of “tribalizing education.” The goal is to give tribes more control over their most precious resource, their children, and help them to improve Indian education and tribal societies. Rather than focusing on traditional civil rights work such as racial discrimination claims, NARF’s efforts are devoted to confirming the unique sovereign rights of Indian tribes based on principles of Indian law. To date these rights and principles have not been addressed adequately in the context of education.

Under the Project, NARF strives to strengthen tribal rights in education. This means helping tribes gain control of the formal education of their members, regardless of the government that primarily provides the education — federal, state, or tribal. As NARF continues to develop and successfully promote cutting-edge legal theories about tribal control of education, work continues in developing tribal education laws, such as education codes, policies, and plans; developing tribal-state agreements and compacts as necessary to implement tribal laws; reforming federal and state education laws and policies; and litigation to enforce tribal rights in education.

NARF continued its precedent-setting work with the Tribal Education Department of the Rosebud Sioux Tribe of South Dakota which was established by the Tribal Education Code in 1991. Negotiations are in progress on an agreement for a joint tribal-state system for teacher certification and school accreditation of public schools on the Rosebud Reservation. NARF is also assisting the Department with administrative procedures and a policy manual.

NARF also represents the Assiniboine-Sioux Tribes of the Fort Peck Reservation in Montana in preparing a tribal education code. A draft code prepared after extensive meetings on the Reservation has been the subject of Reservation-wide hearings and NARF is in the process of finalizing the code for consideration by the Tribal Council. It addresses parental and community involvement, curriculum relevance, student performance, Indian staff, tribal government policy and finance.

The Northern Cheyenne Tribe of Montana has also begun the process of developing a tribal education code with NARF’s assistance. Meetings are underway with Tribal Council members, parents, school officials and Bureau of Indian Affairs representatives to develop a set of priorities and goals. Issues identified have included drop-out and truancy rates, relevant curriculum, databases and intergovernmental coordination.

NARF is also assisting the Three Affiliated Tribes of the Fort Berthold Reservation in North Dakota to establish a tribal education code. There are two state school districts and three Bureau of Indian Affairs school districts on the Reservation. The Tribes seek to bring these schools under its code as part of its efforts to achieve self-determination. Priorities and timelines for code development and implementation are being developed.

NARF represents the National Congress of American Indians (NCAI) in their leadership efforts to draft a comprehensive federal policy statement on Indian education to be presented to the Clinton administration for adoption. The policy statement addresses broad issues such as the government-to-government relationship between Indian tribes and the federal government and the primacy of tribal governments in Indian education. A draft policy statement has been developed and is circulating in Indian country as part of an in-depth consultation process to gain consensus.
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 and state governments to Indians.

In a Court of Federal Claims action, NARF represents the Turtle Mountain Band of Chippewas in North Dakota, the Chippewa-Cree of the Rocky Boys Reservation in Montana and the Little Shell Tribe of Chippewas in Montana against the Bureau of Indian Affairs for mismanagement of the Pembina Judgment Fund. It was established in 1980 to distribute Indian Claims Commission awards to these tribes for lands and other rights taken by the United States. After a partial distribution to the tribes in 1988, the undistributed portion was held in trust by the Bureau of Indian Affairs. The litigation is stayed by Congress while the Bureau of Indian Affairs tries to reconcile all of its trust fund accounts.

NARF is involved in Native Hawaiian legal issues primarily in support of the Native Hawaiian Legal Corporation, which NARF helped to organize in the early 1970s to address these issues. Native Hawaiian issues are similar to federal Indian law issues but are sufficiently unique to require specialized expertise. Over the years, Native Hawaiians have been making substantial progress in asserting Native Hawaiian rights.

In Pele Defense Fund v. Campbell, NARF and co-counsel Native Hawaiian Legal Corporation prepared for a favorable ruling from the Hawaii state court that would allow for traditional Native Hawaiian access rights to rainforest lands traditionally exercised by Native Hawaiians on those lands before they were exchanged in 1983 by the State of Hawaii for other lands in order to accommodate a geothermal developer. The decision is expected to be appealed to the Hawaii Supreme Court. The case was previously before the Hawaii Supreme Court in 1992 when it upheld the land exchange but remanded the case for trial on the traditional access rights issue. That ruling was precedent for a landmark 1995 ruling by the Court in Public Access Shoreline Hawaii v. Hawaii County Planning Commission which alerted government agencies of their responsibility under the Hawaii State Constitution to consider Native Hawaiian rights in all permitting rather than forcing traditional access practitioners to resort to litigation in order to continue such customary usage.

NARF represents Mahealani Pai, a Native Hawaiian, and the Pai 'Ohana Association in an effort to resolve their claim to use and occupy their ancestral homelands within the boundaries of a national historic park on the island of Hawaii. The Pai family ('Ohana means family) is currently represented by the Native Hawaiian Legal Corporation in its federal quiet title lawsuit to establish individual aboriginal title to and traditional uses of their aboriginal homelands. NARF is beginning negotiations with senior Interior Department officials on a settlement agreement between the National Park Service and the Pai 'Ohana Association to permit continued occupancy and traditional use of the lands within the historical park.

Native Hawaiians
The systematic development of Indian law is essential for the continued protection of Indian rights. This process involves 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

Since 1972 the Indian Law Support Center (ILSC) of the Native American Rights Fund has received funding from the Legal Services Corporation to serve as a national support center on Indian law and policy for the national Indian legal services community and other basic field programs serving Native American clients on Indian law related matters. Since its inception literally hundreds of requests for assistance in all areas of Indian law have been answered annually. Because of the unique and complex nature of Indian law and the geographic remoteness of Indian legal services programs, complicated by the difficulty of attracting and maintaining experienced staff, ILSC performs a vital and cost-effective support function to Indian programs and other legal services providers across the country.

NARF was impacted by the federal budget cutting in Washington as Congress has eliminated NARF’s Indian Law Support Center annual funding from the Legal Services Corporation. ILSC, which has been assisting Indian legal services field programs as a project of NARF, will function at a greatly reduced level on NARF general support funds.

Due to the loss of Legal Services Corporation funding, NARF’s Indian Law Support Center Project is unable to carry on at traditional levels its program of working with Indian legal services lawyers nationwide through advice, research, recent Indian legal information, litigation and training. With limited NARF general support funding, however, the Center will be able to continue furnishing periodic newsletters or mailings with Indian legal information and will be able to provide telephone advice and counsel. The Center will no longer be able to assist with litigation and training nor cover the cost of research materials from the National Indian Law Library. NARF will continue efforts to find sources of support to fund the Center’s assistance to the 32 Indian legal services programs and components.

The National Indian Law Library

The National Indian Law Library (NILL) is the only law library specializing in legal practice materials which are essential for practitioners of Indian law. Thousands of legal pleadings and opinions from virtually every major Indian law case since the 1950’s exists within the NILL collection. These pleadings, the crux of NILL, are deeply appreciated by those familiar with traditional law library resources.

NILL houses the only comprehensive lending collection of past and present Tribal government documents. In the seven years since its inception, the Tribal Government Collection consisting of constitutions, codes, ordinances, resolutions, by-laws and charters has surpassed 750 documents. It provides an invaluable partnership network for those involved in the drafting, correcting and revising of Tribal government documents.

NILL actively collects Indian law related documents. These documents cover a spectrum which includes books, pamphlets, federal government and agencies documents, state government and agencies documents, law review articles, scholarly reports, journal articles, newspaper articles, student reports, and conference and seminar papers.
Access to the contents of the NILL collection is provided through a computerized database. Numerous access points are assigned each record entered in the database. In addition to the basic author, title and subject headings, other access points include the Tribe involved, the jurisdiction, the parties to the lawsuit, the judges, the attorneys, the citation, the docket number and the NILL subject headings.

The NILL collection has proven to be an unique resource for those working in the arena of federal Indian law. In addition it is invaluable for attorneys and legal advocates working in geographically isolated areas throughout Indian country. These NILL clients make ready use of the telephone, telefax and postal service to acquire legal reference assistance since many of them are without access to even the most basic law library materials.

Other Activities

In addition to its major projects, NARF continued its participation in numerous conferences and meetings of Indian and non-Indian organizations in order to share its knowledge and expertise in Indian law. During the past fiscal year, NARF attorneys and staff served in formal or informal speaking and leadership capacities at numerous tribal, state, academic, and national Indian meetings such as the American Indian Resources Institute’s Tribal Leaders Forums, the National Congress of American Indians and the Federal Bar Association.

NARF also hosted an Indian law symposium of its own in August, 1995, as part of its 25th anniversary commemoration. The symposium focused on the major legal issues facing tribes in the next 25 years which were identified by NARF board and staff during a review of NARF’s program priorities.

NARF remains firmly committed to continuing its effort to share the legal expertise which NARF possesses with these groups and individuals working in support of Indian rights and to foster the recognition of Indian rights in mainstream society.

“See, Brothers, spring is here. The earth has taken the embrace of the Sun, and soon we shall see the children of that love. All seeds are awake and all animals. From this great power we too have our lives. And therefore, we concede to our fellow creatures, even our animal fellows, the same rights as ourselves, to live on this earth.”

(Sitting Bull)
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The audited financial statements of the Native American Rights Fund, for the fiscal year ended September 30, 1995, show that we received an unqualified auditor’s opinion from our independent auditing firm, Coopers & Lybrand. Of significant note for FY95 is the increase of $830,892 in NARF’s unrestricted reserve fund balance, for a total of $1,597,782. NARF’s total support and revenue increased by $1,735,280, or 31.7%, from the previous fiscal year for total revenue of $7,210,318. An increase of government grant revenue accounted for most of the increase and was largely attributable to timing differences of receipts for grant awards. Legal fee revenue also increased substantially due to the receipt of the first installment of a large fee settlement. Contributions from individuals, corporations, and foundation grants show smaller gains.

A breakdown of revenue sources for FY95 is shown below.

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>1995 Dollars</th>
<th>1995 Percents</th>
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<tbody>
<tr>
<td>Government Grants</td>
<td>$3,056,154</td>
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<td>Foundation Grants</td>
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<td>Contributions</td>
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<tr>
<td>Legal Fees</td>
<td>$878,521</td>
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<tr>
<td>Other</td>
<td>$319,327</td>
<td>4.4%</td>
</tr>
<tr>
<td>Total</td>
<td>$7,210,318</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Total expenditures for FY95 increased by $87,340, a 1.41% increase over FY94 expenditures. NARF continues to successfully keep expenditures related to support services below or near 25% of total revenue so that as much as possible of every dollar spent can support program services for our Native American constituency.

Below, NARF’s FY95 expenditures, by function, are compared to total revenue.

(Note: Since the comparison is between expenditures and revenue the percentages will not total to 100%.)

<table>
<thead>
<tr>
<th>Functional Expenditures</th>
<th>FY95</th>
</tr>
</thead>
<tbody>
<tr>
<td>Litigation &amp; Client Services</td>
<td>58.6%</td>
</tr>
<tr>
<td>National Indian Law Library</td>
<td>3.1%</td>
</tr>
<tr>
<td>Program Services</td>
<td>61.7%</td>
</tr>
<tr>
<td>Management and General</td>
<td>13.3%</td>
</tr>
<tr>
<td>Fundraising</td>
<td>12.0%</td>
</tr>
<tr>
<td>Support Services</td>
<td>25.3%</td>
</tr>
</tbody>
</table>
Holy people have placed all of the gifts at the east. 
Horses, cattle, sheep, children, old age, 
medicine, songs, prayers -
placed all these things at the east. 
The sun, as it comes over, penetrates into the home. 
When we awake, we see that light. We know there is life.

NAVAJO
To the Board of Directors of
Native American Rights Fund, Inc.:

We have audited the accompanying balance sheet of Native American Rights Fund, Inc. ("NARF") as of September 30, 1995, and the related statements of support and revenue, expenses, capital additions and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of NARF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NARF as of September 30, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, a substantial portion of NARF's assets consists of a challenge grant from the Ford Foundation. The ability of NARF to raise funds to satisfy the terms of the grant is contingent upon future events which cannot be determined at this time.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information presented on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Denver, Colorado
December 20, 1995

Coopers & Lybrand L.L.P.
The accompanying notes are an integral part of these financial statements.
### NATIVE AMERICAN RIGHTS FUND, INC.

**STATEMENTS OF SUPPORT AND REVENUE, EXPENSES, CAPITAL ADDITIONS AND CHANGES IN FUND BALANCES**

for the year ended September 30, 1995 with comparative totals for 1994

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Support and revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental grants</td>
<td>$ -</td>
<td>$2,762,359</td>
<td>$293,795</td>
<td>$ -</td>
<td>$3,056,154</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,091,913</td>
<td>$10,000</td>
<td>-</td>
<td>$1,110,913</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,854,403</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,854,403</td>
</tr>
<tr>
<td>Legal fees</td>
<td>878,521</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>878,521</td>
</tr>
<tr>
<td></td>
<td>167,913</td>
<td>6,308</td>
<td>-</td>
<td>-</td>
<td>174,221</td>
</tr>
<tr>
<td>Interest income and net gain on investment transactions</td>
<td>87,876</td>
<td>-</td>
<td>-</td>
<td>57,230</td>
<td>-</td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>2,988,713</td>
<td>3,854,272</td>
<td>310,103</td>
<td>57,230</td>
<td>-</td>
</tr>
</tbody>
</table>

**Expenses:**

**Program services:**

<table>
<thead>
<tr>
<th>Litigation and client services</th>
<th>1,442,970</th>
<th>2,457,286</th>
<th>204,822</th>
<th>-</th>
<th>4,105,078</th>
<th>4,135,728</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Indian Law Library</td>
<td>77,339</td>
<td>131,703</td>
<td>10,822</td>
<td>-</td>
<td>-</td>
<td>219,871</td>
</tr>
<tr>
<td>Total program services</td>
<td>1,520,309</td>
<td>2,588,989</td>
<td>215,651</td>
<td>-</td>
<td>-</td>
<td>4,324,949</td>
</tr>
</tbody>
</table>

**Support services:**

| Management and general         | 295,389   | 566,352   | 83,753  | - | 945,494   | 791,801   |
| Fund raising                    | 302,753   | 552,246   | -       | - | 854,999   | 699,329   |
| Total support services          | 598,142   | 1,118,598 | 83,753  | - | 1,800,493 | 1,491,130 |

| Interfund cost allocations     | (11,915)  | 11,915    | -       | - | -         | -         |
| Bad debt expense               | 68,269    | -         | -       | - | 68,269    | 51,000    |
| Loss on disposal of property and equipment | -       | -         | -       | - | -         | 41,358    |
| Loss on disposal of donated art depreciation | -       | -         | -       | - | -         | 88,396    |
| Total expenses                 | 2,174,805 | 3,719,502 | 301,774 | - | 76,472    | 6,272,553 |

Continued

-3-
## NATIVE AMERICAN RIGHTS FUND, INC.

**STATEMENTS OF SUPPORT AND REVENUE, EXPENSES, CAPITAL ADDITIONS AND CHANGES IN FUND BALANCES, Continued**

for the year ended September 30, 1995 with comparative totals for 1994

<table>
<thead>
<tr>
<th>Current Funds</th>
<th>The NARF 21st Century General Fund</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>Non-ILSC ILSC Endowment Fixed Asset Fund All Funds</td>
<td>All Funds</td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of support and revenue over expenses before capital additions</td>
<td>$ 813,908 $ 134,770 $ 8,329 $ 57,230 $(76,472) $ 937,765 $(710,175)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital additions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>- - -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>- - -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss on investment transactions</td>
<td>- - -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total capital additions</td>
<td>5,000 -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of support and revenue over expenses after capital additions</td>
<td>813,908 134,770 8,329 62,230 (76,472) 942,765 (611,624)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balances, beginning of year</td>
<td>766,890 - 5,799 1,007,898 425,265 2,205,852 2,923,129</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other changes in fund balances:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of property and equipment</td>
<td>(34,621) (115,219) (9,147) - 158,987 -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of mortgage and notes payable</td>
<td>(5,577) (19,551) (1,552) - 26,680 -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized gains and investment income on endowment funds utilized</td>
<td>55,781 - - (55,781) - -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized loss on endowment fund</td>
<td>- - - - - (105,653)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery of unrealized loss on investments</td>
<td>1,401 - - 32,419 - 33,820</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balances, end of year</td>
<td>$1,597,782 $ - $ 3,429 $1,046,766 $534,460 $3,182,437 $2,205,852</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NATIVE AMERICAN RIGHTS FUND, INC.
STATEMENTS OF CASH FLOWS
for the year ended September 30, 1995 with comparative totals for 1994

<table>
<thead>
<tr>
<th>Current Funds</th>
<th>The NARF 21st Century Endowment Fund</th>
<th>General Fixed Asset Fund</th>
<th>Total All Funds</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of support and revenue over expenses after capital additions</td>
<td>$ 813,908</td>
<td>$ 134,770</td>
<td>$ 8,329</td>
<td>$ 62,230</td>
</tr>
<tr>
<td>Adjustments to reconcile excess (deficiency) of support and revenue over expenses after capital additions to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>68,269</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>2,370</td>
<td>-</td>
</tr>
<tr>
<td>Recovery of loss on sale of investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,449)</td>
</tr>
<tr>
<td>Loss on sale of investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized loss on investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Gain) loss on disposal of property and equipment</td>
<td>(2,600)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on disposition of donated art</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in cash escrow accounts</td>
<td>14,112</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (increase) in grants and bequests receivable</td>
<td>200,872</td>
<td>(743,006)</td>
<td>6,588</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (increase) in other receivables</td>
<td>106,789</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses and other assets</td>
<td>704</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (increase) in interfund receivable/payable</td>
<td>(1,046,549)</td>
<td>1,046,549</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>(143,957)</td>
<td>165,819</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in other accrued expenses</td>
<td>(37,174)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenue</td>
<td>(700,872)</td>
<td>(469,362)</td>
<td>44,931</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>(726,498)</td>
<td>134,770</td>
<td>62,218</td>
<td>60,781</td>
</tr>
</tbody>
</table>

Continued
NATIVE AMERICAN RIGHTS FUND, INC.
STATEMENTS OF CASH FLOWS, Continued
for the year ended September 30, 1995 with comparative totals for 1994

<table>
<thead>
<tr>
<th>Current Funds</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$457,953</td>
<td>$(190,000)</td>
</tr>
<tr>
<td>Restricted</td>
<td>$900,000</td>
<td>-</td>
</tr>
<tr>
<td>ILSC Endowment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NARF 21st Century Fund</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General Fixed Asset Fund</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total All Funds</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:
- Additions to investments: $457,953 $(190,000) $(647,953) $(1,706,600)
- Proceeds from investments: $900,000 - - 185,000 1,085,000
- Purchase of fixed assets: - - - - (158,987)(158,987)(101,111)
- Proceeds from sale of donated art: - - - - - - 11,129
- Net cash provided by (used in) investing activities: 442,047 - - (5,000) (158,987) 278,060 (230,152)

Cash flows from financing activities:
- Net fund balance transfers: 15,583 (134,770) (10,699) (55,781) 185,667 -
- Payment of debt: - - - - (26,680) (26,680) (26,731)
- Net cash provided by (used in) financing activities: 15,583 (134,770) (10,699) (55,781) 158,987 (26,680) (26,731)

Increase (decrease) in cash: (268,868) - 51,519 - - (217,349) 332,607

Cash and equivalents at beginning of year: 361,598 - 20,578 - - 382,176 49,569

Cash and equivalents at end of year: $92,730 - $72,097 $ - $ - $164,827 $382,176

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

NARF prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants Audit Guide for Audits of Certain Nonprofit Organizations.

The significant accounting policies followed in the preparation of these financial statements are described below.

Fund Accounting:

Separate funds have been established according to the restrictions, nature and purposes of the funds as follows:

Current Funds - Unrestricted - Represents unrestricted resources available to NARF for support of its programs. Contributions and donations from unrestricted sources are generally recognized when received. Unrestricted donations of marketable securities or other in-kind contributions are recorded as revenue at their estimated fair market value at the date of contribution.

Bequests are recorded as a receivable and deferred revenue in the unrestricted fund when the amount of the bequest can be reasonably determined. Such bequests are recorded as revenue when the receipt of the funds is imminent.

Current Funds - Non-Indian Law Support Center ("ILSC") Restricted - Represents support in the form of restricted government and foundation grants and contracts excluding that received from Legal Services Corporation ("LSC"). NARF's paying clients are concentrated among Native American Tribes.
1. Organization and Summary of Significant Accounting Policies, continued:

Fund Accounting, continued:

Revenue from restricted grants and contracts is deemed to be earned when NARF has incurred costs or other expenditures 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.

Current Funds - ILSC - Represents restricted support from LSC and private foundations for operations of the ILSC.

Endowment Fund - The NARF 21st Century Endowment Fund (the "Endowment") was established on October 1, 1991, with a $1,000,000 challenge grant from the Ford Foundation. Under the terms of the grant, NARF has five years to match Ford's contribution on a $2 for $1 basis. At the end of the five-year period, Ford will reconsider its initial contribution if its challenge has not been met. All endowment contributions have been recognized as capital additions.

Endowment funds are invested in mutual funds managed by an outside investment manager. Interest earned on the Endowment investments is unrestricted and has been used currently to finance NARF programs. Interest and earnings of the endowment fund, reinvested in the endowment mutual funds, are reported in the current fund investments and support and revenues.

The Endowment period ends on September 30, 1996. As of September 30, 1995, $120,000 has been raised in support of matching the grant. Based on contributions received to date, an uncertainty exists with respect to NARF's ability to meet the grant matching requirements.
1. Organization and Summary of Significant Accounting Policies, continued:

Fund Accounting, continued:

**General Fixed Asset Fund**

The general fixed asset fund accounts for NARF’s recorded fixed assets and related debt obligations. Uses of current operating funds for acquisition of property and equipment and principal debt service are accounted for as transfers to the general fixed asset fund. Proceeds from issuance of debt obligations or the sale of fixed assets are accounted for as transfers to the current unrestricted and restricted funds.

Property and equipment acquired solely with LSC funds are considered to be owned by ILSC while used in the program or in future authorized programs. However, LSC has a reversionary interest in these assets. In addition, LSC has the right to determine the use of any proceeds from the sale of assets purchased with its funds.

**Interfund Receivable (Payable):**

All funds received by NARF, which are not specifically identified as endowment funds, are deposited in a general bank account. Segregation of cash and certain other assets and liabilities between non-ILSC restricted and unrestricted funds is not maintained in the accounting records. The restricted cash of the ILSC fund represents cash received from the LSC and deposited in the general account, which has not yet been expended. Segregation of revenue and expenditures applicable to restricted funds (including segregation within the restricted fund by grant source), unrestricted funds and the general fixed asset funds is maintained in the accounting records. The interfund receivable (payable) results from the difference between restricted assets received and deposited in the current fund, and the actual expenditures of those funds in the restricted fund.

**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.
1. Organization and Summary of Significant Accounting Policies, continued:

Allocation of Expenses, continued:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support and revenue, expenses, capital additions and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Professional Staff:

Personnel classified as professional staff include attorneys, 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. Expenses are allocated based on time devoted to fund raising, except where expenses are specifically identifiable with fund raising.

In 1995 and 1994, NARF incurred joint costs of $842,132 and $606,210, respectively, for informational materials and activities that included fund raising appeals. These costs were allocated between program and fund raising expenses as follows:

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program expenses</td>
<td>$413,156</td>
<td>$374,270</td>
</tr>
<tr>
<td>Fund raising expenses</td>
<td>428,976</td>
<td>231,940</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$842,132</strong></td>
<td><strong>$606,210</strong></td>
</tr>
</tbody>
</table>

Property and Equipment:

Property and equipment are recorded at cost and depreciation is provided over the estimated useful lives utilizing the straight-line method for buildings (25 years), the professional library (30 years), copiers (5 years), computer hardware and software (5 years), and for other property and equipment (10 years). Maintenance and repairs are expensed as incurred. When properties are retired or disposed of, the related costs and accumulated depreciation are removed from the respective accounts and the gain or loss on disposition is reflected in the results of operations for the period.
1. Organization and Summary of Significant Accounting Policies, continued:

Donated and Contributed Services:

No amounts have been recorded in these financial statements for the value of donated or contributed services performed by volunteers.

Statement of Cash Flows:

NARF considers all highly liquid short-term investments purchased with an original maturity of three months or less to be cash equivalents. Interest paid during fiscal years 1995 and 1994 was $1,385 and $3,481, respectively.

2. Marketable Securities:

Marketable securities are presented in the financial statements in the aggregate at the lower of cost or market.

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current unrestricted fund</td>
<td>$773,819</td>
<td>$760,827</td>
</tr>
<tr>
<td>Endowment fund</td>
<td>1,120,000</td>
<td>1,046,766</td>
</tr>
<tr>
<td></td>
<td>$1,893,819</td>
<td>$1,807,593</td>
</tr>
</tbody>
</table>

The activity in the endowment fund for the year ended September 30, 1995 is as follows:

Endowment fund account, lower of cost or market, September 30, 1994

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plus:</td>
<td></td>
</tr>
<tr>
<td>Contributions received</td>
<td>5,000</td>
</tr>
<tr>
<td>Net earnings on investments</td>
<td>57,230</td>
</tr>
<tr>
<td>Recovery of unrealized decline in value</td>
<td>32,419</td>
</tr>
<tr>
<td></td>
<td>1,102,547</td>
</tr>
</tbody>
</table>

Earnings transferred to current fund

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(55,781)</td>
</tr>
</tbody>
</table>

Lower of cost or market, September 30, 1995

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,046,766</td>
</tr>
</tbody>
</table>
2. **Marketable Securities, continued:**

Investments are composed of the following:

<table>
<thead>
<tr>
<th>Type of Investment</th>
<th>Cost</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary investments</td>
<td>$ 604,862</td>
<td>$ 604,862</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>1,147,548</td>
<td>1,034,076</td>
</tr>
<tr>
<td>Equity and convertible securities</td>
<td>141,409</td>
<td>168,655</td>
</tr>
</tbody>
</table>

Total: $1,893,819 $1,807,593

The following tabulation summarizes the relationship between carrying values and market values of investment assets.

<table>
<thead>
<tr>
<th>Event</th>
<th>Cost</th>
<th>Market</th>
<th>Excess of Cost Over Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at end of year</td>
<td>$1,893,819</td>
<td>$1,807,593</td>
<td>$ (86,226)</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$2,329,417</td>
<td>$2,209,371</td>
<td>(120,046)</td>
</tr>
<tr>
<td>Decrease in unrealized depreciation</td>
<td></td>
<td>33,820</td>
<td></td>
</tr>
<tr>
<td>Realized net gain for year</td>
<td></td>
<td>10,029</td>
<td></td>
</tr>
<tr>
<td>Total net gain for year</td>
<td></td>
<td>$ 43,849</td>
<td></td>
</tr>
</tbody>
</table>
3. **Restricted Grants Receivable and Deferred Revenue:**

Restricted grants receivable and deferred revenue consist of the following individual restricted grants or contracts:

<table>
<thead>
<tr>
<th></th>
<th>Grants Receivable</th>
<th>Deferred Revenue</th>
<th>Grants Receivable</th>
<th>Deferred Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureau of Indian Affairs</td>
<td>$835,000</td>
<td></td>
<td>$783,541</td>
<td>$40,625</td>
</tr>
<tr>
<td>The Rockefeller Foundation</td>
<td></td>
<td>$40,625</td>
<td></td>
<td>$40,625</td>
</tr>
<tr>
<td>The John D. and Catherine T. MacArthur Foundation</td>
<td></td>
<td></td>
<td></td>
<td>15,752</td>
</tr>
<tr>
<td>Department of Health and Human Services - Administration for Native Americans</td>
<td>691,547</td>
<td></td>
<td>278,642</td>
<td></td>
</tr>
<tr>
<td>Ford Foundation</td>
<td>-</td>
<td>400,000</td>
<td>-</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Carnegie Corporation</td>
<td>-</td>
<td>48,004</td>
<td>-</td>
<td>112,028</td>
</tr>
<tr>
<td>Legal Services Corporation</td>
<td>-</td>
<td>72,097</td>
<td>6,588</td>
<td>27,166</td>
</tr>
<tr>
<td>Bequests</td>
<td>-</td>
<td>231,628</td>
<td>-</td>
<td>432,500</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>6,425</td>
<td>-</td>
<td>17,370</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,526,547</strong></td>
<td><strong>$798,780</strong></td>
<td><strong>$790,129</strong></td>
<td><strong>$1,924,083</strong></td>
</tr>
</tbody>
</table>

$333,333 of the Ford Foundation grant and the bequests deferred revenue of $231,628 are recorded in the current unrestricted fund. This portion of the Ford Foundation grant is to be used for general and fund raising purposes.

Changes in deferred restricted amounts during the year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Non-ILSC</th>
<th>ILSC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at beginning of year</td>
<td>$634,005</td>
<td>$27,166</td>
</tr>
<tr>
<td>Additions, contributions and bequests</td>
<td>1,102,704</td>
<td>351,822</td>
</tr>
<tr>
<td>Deductions, funds expended during the year</td>
<td>(1,572,966)</td>
<td>(306,891)</td>
</tr>
<tr>
<td>Balances at end of year</td>
<td>$164,643</td>
<td>$72,097</td>
</tr>
</tbody>
</table>

Continued
4. Mortgage and Notes Payable:

At September 30, 1994, NARF had a note payable bearing interest at the rate of 7.25% with a balance due of $21,000 and a promissory note bearing interest at the rate of 11% with a balance due of $5,680. The total liability at September 30, 1994 was $26,680. During 1995, NARF retired the note payable due in 1995 and the promissory note due in 1996.

NARF has an unused $300,000 line of credit with a bank at the bank's prime rate which expires January 31, 1996, which may be renewed annually by the bank at the bank's approval. Outstanding loans under the line of credit are to be collateralized by NARF's real property in Boulder, Colorado. The line of credit agreement contains covenants which include minimum working capital, limitations on capital expenditures without bank approval and limits on operating expenses that may exceed total annual committed support. No amounts were outstanding at September 30, 1995.

5. Commitments:

NARF leases certain space and equipment under operating leases. Annual future minimum rental payments under operating leases are as follows (fiscal years):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>$85,448</td>
</tr>
<tr>
<td>1997</td>
<td>85,236</td>
</tr>
<tr>
<td>1998</td>
<td>67,406</td>
</tr>
<tr>
<td>1999</td>
<td>26,982</td>
</tr>
<tr>
<td>2000</td>
<td>8,972</td>
</tr>
</tbody>
</table>

$274,044

Rental expense was $98,300 and $93,373 for 1995 and 1994, respectively.

6. Retirement Benefits:

On August 6, 1994, NARF's Board of Directors authorized the adoption of a noncontributory defined contribution plan, effective as of October 1, 1993, for its employees. All employees are eligible to participate in the plan subject to a minimum of six months of employment and attainment of age 21. Benefits payable

Continued

-14-
6. Retirement Benefits, continued:

under the plan are based upon a percentage of participants' eligible compensation, funded by a contribution made by NARF. The election to make the contribution and the percentage of employee compensation to be contributed is at the discretion of the Corporate Officers on the last day of each calendar quarter. In fiscal years 1995 and 1994, NARF recognized approximately $122,000 and $87,000, respectively, in costs relating to contributions to the participants' accounts.

7. Concentrations of Credit Risk:

NARF's general bank account and investments are maintained and managed by a single, federally insured depository institution.

NARF's other receivables arise from providing legal representation, assistance and education to Native American people and tribes. The grants receivable are principally due from the Bureau of Indian Affairs and Administration for Native Americans.

8. New Accounting Pronouncements:

Effective September 30, 1996, NARF will be required to implement SFAS No. 116, "Accounting for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-For-Profit Organizations." The most significant provision of SFAS No. 116 is the recognition of pledges in the financial statements. SFAS No. 117 requires a change in the display of financial statements from those based on fund accounting to a display based on the concept of "net assets." The impact of these pronouncements has not been determined, but is not expected to have a material impact on the fund balance of NARF.
NATIVE AMERICAN RIGHTS FUND, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - SUPPLEMENTARY SCHEDULES
for the year ended September 30, 1995 with comparative totals for 1994

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1994</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Services</td>
<td>Support Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Litigation and Client Services</td>
<td>Indian Law Library Total</td>
<td>Management and Client Services</td>
<td>General</td>
<td>Raising</td>
<td>Total</td>
<td>Expenses</td>
<td>Expenses</td>
</tr>
<tr>
<td>Salaries and wages:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional staff</td>
<td>$1,181,163</td>
<td>$71,998</td>
<td>$1,253,161</td>
<td>$361,670</td>
<td>$223,554</td>
<td>$585,224</td>
<td>$1,838,385</td>
<td>$1,808,573</td>
</tr>
<tr>
<td>Support staff</td>
<td>389,717</td>
<td>32,780</td>
<td>422,497</td>
<td>118,339</td>
<td>73,065</td>
<td>191,404</td>
<td>613,901</td>
<td>596,004</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>329,530</td>
<td>43,335</td>
<td>372,865</td>
<td>120,562</td>
<td>104,615</td>
<td>225,177</td>
<td>598,042</td>
<td>573,463</td>
</tr>
<tr>
<td>Total salaries and related costs</td>
<td>1,900,410</td>
<td>148,113</td>
<td>2,048,523</td>
<td>600,571</td>
<td>401,234</td>
<td>1,001,805</td>
<td>3,050,328</td>
<td>2,978,040</td>
</tr>
<tr>
<td>Contract fees and consultants</td>
<td>1,045,596</td>
<td>291</td>
<td>1,045,887</td>
<td>39,250</td>
<td>117,016</td>
<td>156,266</td>
<td>1,202,153</td>
<td>1,323,216</td>
</tr>
<tr>
<td>Travel</td>
<td>371,839</td>
<td>8,588</td>
<td>380,427</td>
<td>69,632</td>
<td>27,495</td>
<td>97,127</td>
<td>477,554</td>
<td>387,033</td>
</tr>
<tr>
<td>Space costs</td>
<td>107,055</td>
<td>13,863</td>
<td>120,918</td>
<td>32,483</td>
<td>20,351</td>
<td>52,834</td>
<td>173,752</td>
<td>181,930</td>
</tr>
<tr>
<td>Office expenses</td>
<td>522,433</td>
<td>32,271</td>
<td>554,704</td>
<td>181,802</td>
<td>273,197</td>
<td>454,999</td>
<td>1,009,703</td>
<td>897,216</td>
</tr>
<tr>
<td>Equipment maintenance and rental</td>
<td>55,659</td>
<td>9,508</td>
<td>65,167</td>
<td>19,310</td>
<td>10,685</td>
<td>29,995</td>
<td>95,162</td>
<td>77,482</td>
</tr>
<tr>
<td>Litigation costs</td>
<td>24,087</td>
<td>300</td>
<td>24,387</td>
<td>19,310</td>
<td>10,685</td>
<td>29,995</td>
<td>95,162</td>
<td>77,482</td>
</tr>
<tr>
<td>Library costs</td>
<td>77,999</td>
<td>6,937</td>
<td>84,936</td>
<td>2,446</td>
<td>5,021</td>
<td>7,467</td>
<td>92,403</td>
<td>60,610</td>
</tr>
<tr>
<td>Expenses before bad debts and property transactions</td>
<td>4,105,078</td>
<td>219,871</td>
<td>4,324,949</td>
<td>945,494</td>
<td>854,999</td>
<td>1,800,493</td>
<td>6,125,442</td>
<td>5,950,446</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>68,269</td>
<td>-</td>
<td>68,269</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>68,269</td>
<td>51,000</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41,358</td>
</tr>
<tr>
<td>Loss on disposal of donated art</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>88,396</td>
</tr>
<tr>
<td>Depreciation</td>
<td>53,703</td>
<td>2,878</td>
<td>56,581</td>
<td>12,377</td>
<td>9,884</td>
<td>22,261</td>
<td>78,842</td>
<td>54,013</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$4,227,050</td>
<td>$222,749</td>
<td>$4,449,799</td>
<td>$957,871</td>
<td>$864,883</td>
<td>$1,822,754</td>
<td>$6,272,553</td>
<td>$6,185,213</td>
</tr>
</tbody>
</table>

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