



RUNNING STRONG
FOR AMERICAN INDIAN YOUTH®

**AMERICAN INDIAN YOUTH RUNNING
STRONG, INC.**

Financial Statements

For the Year Ended June 30, 2014

(With Summarized Financial Information for the Year Ended June 30, 2013)



**and
Report Thereon**



AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

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For the Year Ended June 30, 2014

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
American Indian Youth Running Strong, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of American Indian Youth Running Strong, Inc. (the Organization), an affiliate of Christian Relief Services Charities, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Report on Summarized Comparative Information

We have previously audited the Organization's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Raffa, P.C.

Raffa, P.C.

Washington, DC
October 28, 2014

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2014

(With Summarized Financial Information as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 271,418	\$ 251,628
Grants and contributions receivable, net	169,109	303,371
Inventory	20,442	18,741
Prepaid expenses	6,760	3,811
Investments	1,266,123	1,100,341
Property and equipment, net	<u>64,148</u>	<u>28,554</u>
TOTAL ASSETS	<u><u>\$ 1,798,000</u></u>	<u><u>\$ 1,706,446</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 46,645	\$ 24,455
Due to affiliates	464,817	97,379
Deferred revenue	<u>17,557</u>	<u>14,348</u>
TOTAL LIABILITIES	<u>529,019</u>	<u>136,182</u>
Net Assets		
Unrestricted	1,105,439	1,407,540
Temporarily restricted	<u>163,542</u>	<u>162,724</u>
TOTAL NET ASSETS	<u>1,268,981</u>	<u>1,570,264</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,798,000</u></u>	<u><u>\$ 1,706,446</u></u>

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

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014
(With Summarized Financial Information for the Year Ended June 30, 2013)**

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Noncash contributions from affiliate	\$ 838,016	\$ -	\$ 838,016	\$ 1,198,185
Noncash contributions	804,941	-	804,941	302,519
Cash contributions from affiliates	-	400,000	400,000	427,000
Wills and bequests	356,236	-	356,236	402,130
Foundation grants and cash contributions	166,296	150,655	316,951	391,203
Workplace campaign contributions	-	138,530	138,530	175,571
Investment income	128,279	-	128,279	70,136
Grants from government agencies	17,513	-	17,513	10,356
Other income	6,000	-	6,000	1,381
Special events	-	-	-	15,820
Net assets released from restrictions:				
Satisfaction of time restrictions	135,212	(135,212)	-	-
Satisfaction of purpose restrictions	553,155	(553,155)	-	-
TOTAL SUPPORT AND REVENUE	3,005,648	818	3,006,466	2,994,301
EXPENSES				
Program Services:				
American Indian programs	3,220,234	-	3,220,234	2,510,563
Total Program Services	3,220,234	-	3,220,234	2,510,563
Supporting Services:				
Management and general	65,446	-	65,446	73,826
Development and fundraising	22,069	-	22,069	7,951
Total Supporting Services	87,515	-	87,515	81,777
TOTAL EXPENSES	3,307,749	-	3,307,749	2,592,340
CHANGE IN NET ASSETS	(302,101)	818	(301,283)	401,961
NET ASSETS, BEGINNING OF YEAR	1,407,540	162,724	1,570,264	1,168,303
NET ASSETS, END OF YEAR	\$ 1,105,439	\$ 163,542	\$ 1,268,981	\$ 1,570,264

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

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014
(With Summarized Financial Information for the Year Ended June 30, 2013)

	2014			2013	
	American Indian Programs	Management and General	Development and Fundraising	Total	Total
Donated relief materials	\$ 1,642,957	\$ -	\$ -	\$ 1,642,957	\$ 1,500,703
Cash grants	685,424	-	-	685,424	538,136
Wages and fringe benefits	269,631	3,207	-	272,838	226,663
Procurement fees	335,335	-	-	335,335	25,862
Contract services	106,612	1,539	90	108,241	87,329
Office supplies, dues and subscriptions	32,487	24,523	6,604	63,614	21,218
Meetings and travel	29,061	5,341	64	34,466	24,278
Shipping	33,901	959	-	34,860	9,448
Field Operations - South Dakota	33,053	-	-	33,053	32,490
Payroll taxes	20,477	428	-	20,905	31,962
Advertising	45	240	14,350	14,635	6,515
Professional and consulting	-	14,164	-	14,164	12,207
Depreciation and amortization	10,357	-	-	10,357	10,077
Bank charges	-	6,781	-	6,781	6,756
General insurance	6,437	-	-	6,437	4,214
Printing and production	4,594	-	796	5,390	3,090
Telephone	3,732	1,077	-	4,809	2,320
Provision for doubtful accounts	-	3,454	-	3,454	29,074
Utilities	2,609	529	-	3,138	-
Repairs and maintenance	2,197	844	-	3,041	994
Rent	-	2,326	-	2,326	16,391
Miscellaneous	618	34	-	652	990
Postage	707	-	165	872	365
Data processing services and supplies	-	-	-	-	504
Equipment rental	-	-	-	-	608
Other fees	-	-	-	-	146
TOTAL EXPENSES	\$ 3,220,234	\$ 65,446	\$ 22,069	\$ 3,307,749	\$ 2,592,340

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

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2014

(With Summarized Financial Information for the Year Ended June 30, 2013)

Increase (Decrease) in Cash and Cash Equivalents

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (301,283)	\$ 401,961
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for doubtful accounts	6,602	29,074
Depreciation	10,357	10,077
Unrealized gains on investments	(68,307)	(47,613)
Realized (gains) losses on investments	(30,909)	230
Changes in assets and liabilities:		
Grants and contributions receivable	127,660	(170,650)
Inventory	(1,701)	1,078
Prepaid expenses	(2,949)	3,652
Accounts payable and accrued expenses	22,190	(7,607)
Due to affiliates	367,438	(101,983)
Deferred revenue	3,209	(8,946)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>132,307</u>	<u>109,273</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(248,204)	(155,144)
Sales of investments	181,638	184,956
Purchases of property and equipment	<u>(45,951)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(112,517)</u>	<u>29,812</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,790	139,085
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>251,628</u>	<u>112,543</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 271,418</u>	<u>\$ 251,628</u>

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

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2014

1. Organization and Summary of Significant Accounting Policies

Organization

American Indian Youth Running Strong, Inc. (the Organization), also doing business as Running Strong for American Indian Youth, was incorporated in 1990 and is an affiliate under the group exemption of Christian Relief Services Charities, Inc. (CRSC), a nonprofit 501(c)(3) organization. The Organization's mission is to help American Indian people meet their immediate survival needs – food, water and shelter – while implementing and supporting programs designed to create opportunities for self-sufficiency and self-esteem, particularly for Native American youth. The Organization includes one field operation, which is located in Pine Ridge Reservation, South Dakota. The field operation is in proximity to American Indian reservations and urban communities. These field efforts identify new reservation needs and resources; troubleshoot and provide technical assistance to local programs; and establish an on-site, interactive organizational presence.

The Organization received approximately 41% of its support and revenue from Christian Relief Services, Inc. (CRSI), an affiliate of CRSC, and the remaining 59% from the public through cash and non-cash contributions, foundation grants, wills and bequests and participation in workplace campaigns.

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, money market funds and all highly liquid investments with initial maturities of three months or less.

Inventory

Inventory is stated at the lower of cost or market, as determined by the first-in, first-out (FIFO) method.

Investments

Investments are recorded in the accompanying statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of and for the year ended June 30, 2014, only the Organization’s investments, as described in Note 5 of these financial statements, were measured at fair value on a recurring basis.

Property and Equipment and Related Depreciation

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives as follows, with no salvage value:

Building	40 years
Vehicles	5 years
Office and computer equipment	3-5 years

Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in revenue and support or expenses.

Continued

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

The net assets of the Organization are classified as follows:

- Unrestricted net assets represent funds that are available for support of the Organization's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

Revenue Recognition

Gifts and grants of cash and other assets are recognized as revenue at their net realizable value when an unconditional promise to give is received by the Organization. The Organization reports gifts and grants of cash and other assets as unrestricted support and available for general operations, unless specifically restricted by the donor.

Conditional promises to give are not included as revenue and support until such time as the conditions are substantially met.

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets for purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Workplace campaign contributions with payments due in future years are reported as temporarily restricted revenue in the accompanying statement of activities.

Revenue recognized on grants and contributions that have been committed to the Organization but have not been received is reflected as grants and contributions receivable in the accompanying statement of financial position. Grants and contributions receivable are reported net of an allowance for doubtful accounts. The allowance is based on historical collection experience and a review of the current status of the grants and contributions receivable. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

Deposits received for the Running Strong Tour of the Pine Ridge and Cheyenne River Sioux Indian Reservations are recorded as revenue when the tour occurs. Deposits received in advance of the tour are recorded as deferred revenue in the accompanying statement of financial position.

Wills and bequests are recognized at the time an unassailable right to the gift has been established, the proceeds are measurable and the Organization accepts the gift.

Continued

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Noncash Contributions

Noncash contributions include donations from an affiliate as well as noncash contributions donated directly to the Organization. The noncash contributions represent contributions of food that were made from Christian Relief Services, Inc. (CRSI), an affiliate of the Organization, a portion of which was then donated to the Organization for its programs helping American Indian families. The donated items are recorded as revenue and expense at their estimated fair value at the date of donation. The Organization's programs are also furthered by a substantial number of nonprofessional volunteers who have contributed their services to the Organization. The value of these services is not reflected in the accompanying financial statements because the contributed services do not meet the necessary criteria for recognition under accounting principles generally accepted in the United States of America.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Costs directly related to a program and/or supporting services are charged to that functional area. Expenses related to more than one function are allocated among the program and supporting services benefited.

Estimates

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

2. Grants and Contributions Receivable

Grants and contributions receivable represent unconditional promises to give and are recorded at their net realizable value. All receivables are expected to be collected within one year. The Organization has recorded an allowance for doubtful accounts of \$57,306.

3. Investments

As of June 30, 2014, the Organization's investments, at fair value, amounted to \$1,266,123. Investments consist entirely of exchange-traded funds.

A summary of investment income is as follows for the year ended June 30, 2014:

Interest and dividends	\$ 29,063
Realized gains	30,909
Unrealized gains	<u>68,307</u>
Total Investment Income	<u>\$ 128,279</u>

Continued

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

4. Property and Equipment

Property and equipment consist of the following as of June 30, 2014:

Building and land	\$ 45,951
Vehicles	37,099
Office and computer equipment	<u>12,812</u>
Total Property and Equipment	95,862
Less: Accumulated Depreciation	<u>(31,714)</u>
Net Property and Equipment	<u>\$ 64,148</u>

Depreciation expense was \$10,357 for the year ended June 30, 2014.

5. Fair Value Measurements

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of June 30, 2014, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Exchange-traded funds				
Short-term bond funds	\$ 258,775	\$ 258,775	\$ -	\$ -
Intermediate-term bonds funds	206,948	206,948	-	-
Large blend funds	171,587	171,587	-	-
Inflation-protected bond funds	103,247	103,247	-	-
Foreign large blend funds	90,632	90,632	-	-
Mid-cap blend funds	66,930	66,930	-	-
High yield bond funds	91,012	91,012	-	-
Large value funds	39,900	39,900	-	-
Small blend funds	40,875	40,875	-	-
Commodities funds	39,684	39,684	-	-
Real estate investments				
Trust (REIT) funds	25,969	25,969	-	-
Foreign small/mid-blend funds	26,735	26,735	-	-
Diversified emerging markets	<u>103,829</u>	<u>103,829</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,266,123</u>	<u>\$ 1,266,123</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

5. Fair Value Measurements (continued)

The Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Exchange-traded funds – Valued at quoted market prices for identical assets in active markets.

6. Temporarily Restricted Net Assets

As of June 30, 2014, net assets are restricted for use in future periods or in the following programs:

Time restrictions	\$ 158,674
Athletic/recreation support	<u>4,868</u>
Total Temporarily Restricted Net Assets	<u>\$ 163,542</u>

7. Transactions with Affiliates

The Organization is an affiliate of CRSC and CRSI. A majority of the Organization's Board overlaps with CRSC's and CRSI's board members. CRSI acts as the fundraising arm for CRSC and its affiliates. CRSI raises both cash and noncash contributions for CRSC and its affiliates and the contributions are distributed to the entities based on program objectives and need. During the year ended June 30, 2014, CRSI made cash contributions to the Organization of \$400,000 and noncash contributions of \$838,016. These contributions from affiliates represent 41% of the Organization's support and revenue for the year ended June 30, 2014, and are dependent on support from the general public. As of June 30, 2014, the Organization owed \$406,878 to CRSI for procurement fees and freight charges and \$57,939 to CRSC for salaries, benefits, travel, meetings, and office expenses, which is shown as due to affiliates on the accompanying statement of financial position.

8. Pension Plan

Employees of the Organization are eligible to participate in a 401(k) plan sponsored by CRSC after 60 days of service. The Organization makes matching contributions up to 3% of each participant's salary. The Organization makes an additional 50% matching contribution up to 2% of each participant's salary. Employees are immediately vested in employer contributions. During the year ended June 30, 2014, retirement expense related to the plan was \$6,483.

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

9. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended June 30, 2014, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended June 30, 2014, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2014, the statute of limitations for tax years ending June 30, 2010 through June 30, 2013, remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

10. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013 from which the summarized information was derived.

11. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 28, 2014, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.