



RUNNING STRONG
for American Indian Youth®

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

Financial Statements

For the Year Ended June 30, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)



**and
Report Thereon**



AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

TABLE OF CONTENTS
For the Year Ended June 30, 2018

	<i>Page</i>
Independent Auditor's Report.....	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-14



Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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, 2018, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian Youth Running Strong, Inc. as of June 30, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and in our report dated October 17, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 16, 2018

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2018

(With Summarized Financial Information as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 400,943	\$ 105,244
Grants and contributions receivable, net	92,133	106,852
Accounts receivable	2,907	1,622
Due from affiliate	113	-
Inventory	371,234	110,882
Prepaid expenses	775	7,730
Investments	1,585,545	1,469,225
Property and equipment, net	<u>170,136</u>	<u>159,255</u>
TOTAL ASSETS	<u><u>\$ 2,623,786</u></u>	<u><u>\$ 1,960,810</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 123,422	\$ 58,536
Due to affiliates	109,346	127,671
Deferred revenue	<u>26,806</u>	<u>6,560</u>
TOTAL LIABILITIES	<u>259,574</u>	<u>192,767</u>
Net Assets		
Unrestricted	2,272,079	1,659,154
Temporarily restricted	<u>92,133</u>	<u>108,889</u>
TOTAL NET ASSETS	<u>2,364,212</u>	<u>1,768,043</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,623,786</u></u>	<u><u>\$ 1,960,810</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, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Cash contributions from affiliate	\$ 1,800,000	\$ -	\$ 1,800,000	\$ 1,500,000
Noncash contributions	1,431,343	-	1,431,343	945,202
Noncash contributions from affiliate	916,817	-	916,817	726,716
Foundation grants and cash contributions	193,314	449,443	642,757	587,882
Workplace campaign contributions	-	101,047	101,047	97,256
Wills and bequests	308,698	-	308,698	30,250
Grants from government agencies	54,936	-	54,936	18,291
Investment income	139,238	-	139,238	171,068
Other income	8,143	-	8,143	14,413
Net assets released from restrictions:				
Satisfaction of time restrictions	115,766	(115,766)	-	-
Satisfaction of purpose restrictions	451,480	(451,480)	-	-
TOTAL SUPPORT AND REVENUE	5,419,735	(16,756)	5,402,979	4,091,078
EXPENSES				
Program Services:				
American Indian programs	4,664,547	-	4,664,547	4,146,894
Total Program Services	4,664,547	-	4,664,547	4,146,894
Supporting Services:				
Management and general	82,699	-	82,699	41,107
Development and fundraising	59,564	-	59,564	14,898
Total Supporting Services	142,263	-	142,263	56,005
TOTAL EXPENSES	4,806,810	-	4,806,810	4,202,899
CHANGE IN NET ASSETS	612,925	(16,756)	596,169	(111,821)
NET ASSETS, BEGINNING OF YEAR	1,659,154	108,889	1,768,043	1,879,864
NET ASSETS, END OF YEAR	\$ 2,272,079	\$ 92,133	\$ 2,364,212	\$ 1,768,043

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, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	2018				2017
	American Indian Programs	Management and General	Development and Fundraising	Total	Total
Donated relief materials	\$ 2,083,295	\$ -	\$ -	\$ 2,083,295	\$ 1,918,541
Cash grants	1,121,412	-	-	1,121,412	959,591
Procurement fees	459,835	-	-	459,835	408,671
Wages and fringe benefits	372,304	99	-	372,403	341,583
Contract services	216,336	-	36,000	252,336	244,622
Meetings and travel	119,807	3,521	1,215	124,543	119,894
Shipping	77,659	174	812	78,645	34,136
Office supplies, dues and subscriptions	54,996	4,841	17,599	77,436	56,673
Field operations – South Dakota	44,465	-	-	44,465	16,638
Provision for doubtful accounts	-	37,540	-	37,540	-
Payroll taxes	26,523	7	-	26,530	24,257
Printing and production	18,415	-	2,986	21,401	10,551
Professional and consulting	7,179	11,981	-	19,160	15,494
Repairs and maintenance	18,860	-	-	18,860	12,284
Depreciation	16,247	-	-	16,247	8,238
Rent	-	10,609	-	10,609	5,994
Postage	9,810	-	402	10,212	6,304
Loss on write-off of inventory	-	8,825	-	8,825	-
General insurance	8,073	-	-	8,073	6,268
Bank charges	656	5,102	-	5,758	5,224
Miscellaneous	4,775	-	-	4,775	2,624
Telephone	1,562	-	-	1,562	3,186
Real estate taxes	1,360	-	-	1,360	1,383
Advertising	278	-	550	828	743
Volunteer expense	700	-	-	700	-
TOTAL EXPENSES	<u>\$ 4,664,547</u>	<u>\$ 82,699</u>	<u>\$ 59,564</u>	<u>\$ 4,806,810</u>	<u>\$ 4,202,899</u>

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, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

Increase (Decrease) in Cash and Cash Equivalents

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 596,169	\$ (111,821)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for (recovery of) doubtful accounts	37,540	(49,812)
Depreciation	16,247	8,238
Unrealized gains on investments	(6,661)	(117,720)
Realized gains on investments	(99,120)	(22,082)
Noncash contributions	(2,348,160)	(1,671,918)
Donated relief materials	2,083,295	1,918,541
Loss from write-off of inventory	8,825	-
Changes in assets and liabilities:		
Grants and contributions receivable	(22,821)	25,738
Accounts receivable	(1,285)	308
Due from affiliate	(113)	36,347
Inventory	(4,312)	-
Prepaid expenses	6,955	7,455
Accounts payable and accrued expenses	64,886	(303)
Due to affiliates	(18,325)	40,778
Deferred revenue	<u>20,246</u>	<u>(828)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>333,366</u>	<u>62,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(690,622)	(556,038)
Sales of investments	680,083	537,880
Purchases of property and equipment	<u>(27,128)</u>	<u>(113,876)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(37,667)</u>	<u>(132,034)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	295,699	(69,113)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>105,244</u>	<u>174,357</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 400,943</u>	<u>\$ 105,244</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, 2018**

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 on the Pine Ridge Reservation in 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 50% of its support and revenue from Christian Relief Services, Inc. (CRSI), an affiliate of CRSC, and the remaining 50% 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 (GAAP). 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 net realizable value, as determined by the first-in, first-out 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. Investment income, including net realized and unrealized gains (losses), is reflected in the statement of activities as an increase (decrease) in unrestricted net assets, unless the investment income use is restricted by explicit donor stipulation for a specific purpose or by law. Interest and dividend income is recorded on the accrual basis.

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Fair Value Measurement

In accordance with the accounting standards for fair value measurement 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 June 30, 2018, 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 their 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, 2018**

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 to a particular 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.

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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. Noncash contributions represent contributions of food, clothing, hygiene kits and school supplies that were made by 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 criteria for recognition under GAAP.

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 GAAP 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 \$24,769 as of June 30, 2018.

3. Inventory

The Organization's inventory consisted of the following as of June 30, 2018:

Winter boots and shoes	\$ 234,299
School supplies and other	<u>136,935</u>
Total Inventory	<u>\$ 371,234</u>

Continued

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

4. Investments

As of June 30, 2018, the Organization's investments, at fair value, amounted to \$1,585,545. Investments consist entirely of exchange-traded funds.

A summary of investment income is as follows for the year ended June 30, 2018:

Interest and dividends	\$ 33,457
Realized gains	6,661
Unrealized gains	<u>99,120</u>
Total Investment Income	<u>\$ 139,238</u>

5. Fair Value Measurement

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of June 30, 2018, aggregated by the fair value hierarchy level with which those measurements were made:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange-traded funds:				
Intermediate-term bonds	\$ 318,854	\$ 318,854	\$ -	\$ -
Mid-cap blend	150,955	150,955	-	-
Small blend	145,100	145,100	-	-
Large growth	143,097	143,097	-	-
Large value	131,826	131,826	-	-
Foreign large blend	103,346	103,346	-	-
High-yield bonds	98,948	98,948	-	-
Corporate bonds	84,567	84,567	-	-
Diversified emerging markets	71,909	71,909	-	-
Emerging markets bonds	66,518	66,518	-	-
Large blend	64,713	64,713	-	-
Long-term government bonds	52,280	52,280	-	-
World bonds	41,829	41,829	-	-
Real estate investment trusts	40,155	40,155	-	-
Global real estate	38,332	38,332	-	-
Commodities	<u>33,116</u>	<u>33,116</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,585,545</u>	<u>\$ 1,585,545</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

5. Fair Value Measurement (continued)

The Organization valued the exchange-traded funds at quoted market prices for identical assets in active markets.

6. Property and Equipment

Property and equipment consisted of the following as of June 30, 2018:

Building and land	\$ 129,905
Vehicles	90,122
Office and computer equipment	<u>11,301</u>
Total Property and Equipment	231,328
Less: Accumulated Depreciation	<u>(61,192)</u>
Property and Equipment, Net	<u>\$ 170,136</u>

Depreciation expense was \$16,247 for the year ended June 30, 2018.

7. Temporarily Restricted Net Assets

As of June 30, 2018, net assets of \$92,133 were restricted for use in future periods.

8. Transactions with Affiliates

The Organization is an affiliate of CRSC, CRSI and Christian Relief Services Virginia (CRS Virginia). A majority of the Organization's board overlaps with CRSC, CRSI and CRS Virginia'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, 2018, CRSI made cash contributions to the Organization of \$1,800,000 and noncash contributions of \$916,817.

As of June 30, 2018, the Organization had payables due to the following affiliates for salaries, benefits and office expenses, which are included in due to affiliates in the accompanying statement of financial position:

CRSC (salaries and benefits)	\$ 106,494
CRS Virginia (office expenses)	<u>2,852</u>
Total Due to Affiliates	<u>\$ 109,346</u>

As of June 30, 2018, the Organization had receivables due from CRSI totaling \$113 for matching contributions which is included in due from affiliate in the accompanying statement of financial position.

Continued

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

9. Pension Plan

Employees of the Organization are eligible to participate in a 401(k) plan sponsored by CRSC after 60 days of service. Under the terms of the defined-contribution plan, eligible employees may elect to contribute up to the federal tax limitation. The plan has the following employee deferral and matching provisions:

<u>Elective Deferral</u>	<u>Employer Matching</u>
1%	150% of employee contribution
1% – 3%	100% of employee contribution
3% – 6%	50% of employee contribution

Employees are immediately vested in employer contributions. During the year ended June 30, 2018, retirement expense related to the plan was \$9,946.

10. 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 was required as of June 30, 2018, 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 Financial Accounting Standards Board Accounting Standards Codification Topic 740, *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 uncertainty in income tax positions taken for the year ended June 30, 2018, 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, 2018, the statute of limitations for tax years ended June 30, 2015 through June 30, 2017, remained 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 uncertainty in tax positions, if any, in income tax expense.

11. 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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

12. Reclassification

Certain 2017 amounts have been reclassified to conform with the 2018 financial statement presentation.

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 16, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.