

National Relief Charities, Inc.

Auditor's Report and Financial Statements

December 31, 2014 and 2013

National Relief Charities, Inc.
December 31, 2014 and 2013

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Independent Auditor's Report

Board of Directors
National Relief Charities, Inc.
Addison, Texas

We have audited the accompanying financial statements of National Relief Charities, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 from 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 National Relief Charities, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Change in Net Assets (supplementary information), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Dallas, Texas
April 17, 2015

National Relief Charities, Inc.
Statements of Financial Position
December 31, 2014 and 2013

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	\$ 5,884,683	\$ 5,765,464
Bequests receivable	29,127	68,500
Inventories	4,857,207	7,407,513
Short-term investments	2,697,856	222,726
Prepaid expenses and other assets	344,916	275,348
Total current assets	13,813,789	13,739,551
Property and equipment, net	7,177,959	7,232,275
Total assets	\$ 20,991,748	\$ 20,971,826

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 461,648	\$ 462,943
Accrued liabilities	285,215	250,741
Current portion of long-term debt	113,887	101,400
Total current liabilities	860,750	815,084
Annuitants payable	18,425	28,301
Long-term debt	705,860	900,647
Total liabilities	1,585,035	1,744,032
Net Assets		
Unrestricted	19,024,875	18,536,484
Temporarily restricted	316,723	626,310
Permanently restricted	65,115	65,000
Total net assets	19,406,713	19,227,794
Total liabilities and net assets	\$ 20,991,748	\$ 20,971,826

National Relief Charities, Inc.
Statements of Activities
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Changes in Unrestricted Net Assets		
Unrestricted Revenues, Gains and Other Support		
Direct contributions	\$ 22,805,096	\$ 22,148,100
In-kind donations	18,715,366	20,803,785
Other income	473,134	544,421
Gain on sale of asset	-	11,500
Net assets released from restrictions	<u>334,012</u>	<u>338,185</u>
Total revenue and support	<u>42,327,608</u>	<u>43,845,991</u>
Expenses and Losses		
Program services		
Plains Indian Services	16,226,582	16,016,736
Southwest Indian Services	13,128,179	13,323,909
American Indian Education Foundation	1,143,539	1,278,634
Other programs	<u>155,974</u>	<u>110,471</u>
Total program services	<u>30,654,274</u>	<u>30,729,750</u>
Supporting services		
Management and general	1,405,258	1,100,918
Fundraising	<u>9,779,685</u>	<u>10,367,173</u>
Total supporting services	<u>11,184,943</u>	<u>11,468,091</u>
Total expenses	<u>41,839,217</u>	<u>42,197,841</u>
Increase in Unrestricted Net Assets	<u>488,391</u>	<u>1,648,150</u>
Changes in Temporarily Restricted Net Assets		
Direct contributions	24,425	241,023
Net assets released from restrictions	<u>(334,012)</u>	<u>(338,185)</u>
Decrease in Temporarily Restricted Net Assets	<u>(309,587)</u>	<u>(97,162)</u>
Permanently Restricted Net Assets		
Direct contributions	<u>115</u>	<u>-</u>
Increase in Permanently Restricted Net Assets	<u>115</u>	<u>-</u>
Change in Net Assets	178,919	1,550,988
Net Assets, Beginning of Year	<u>19,227,794</u>	<u>17,676,806</u>
Net Assets, End of Year	<u>\$ 19,406,713</u>	<u>\$ 19,227,794</u>

National Relief Charities, Inc.
Statement of Functional Expenses
Year Ended December 31, 2014

	2014								
	Program Services				Supporting Services				
	Plains Indian Services	Southwest Indian Services	American Indian Education Foundation	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Cost of goods distributed	\$ 11,946,268	\$ 9,792,230	\$ -	\$ -	\$ 21,738,498	\$ -	\$ -	\$ -	\$ 21,738,498
Grants	-	5,000	363,394	-	368,394	440	-	440	368,834
Advertising and list rentals	835	890	1,392	263	3,380	108	665,825	665,933	669,313
Mailing and shipping	2,874,735	2,085,596	346,288	195	5,306,814	10,507	992,420	1,002,927	6,309,741
Meetings and travel	18,688	20,883	84,015	3,204	126,790	75,218	53,370	128,588	255,378
Office supplies	155,215	32,132	21,092	1,124	209,563	21,356	68,497	89,853	299,416
Payroll and benefits	901,232	726,780	268,161	85,890	1,982,063	843,535	3,149,120	3,992,655	5,974,718
Printing	927	3,036	2,346	600	6,909	560	2,493,239	2,493,799	2,500,708
Professional fees	13,421	19,921	36,384	56,902	126,628	301,262	667,809	969,071	1,095,699
Rent and utilities	51,554	39,845	-	-	91,399	5,970	644,229	650,199	741,598
Computers and technology	20,284	59,691	1,133	873	81,981	87,134	508,923	596,057	678,038
Miscellaneous	146,071	198,533	15,280	3,145	363,029	52,965	344,814	397,779	760,808
Depreciation	97,352	90,644	4,054	3,778	195,828	6,203	191,439	197,642	393,470
Interest	-	52,998	-	-	52,998	-	-	-	52,998
Total	\$ 16,226,582	\$ 13,128,179	\$ 1,143,539	\$ 155,974	\$ 30,654,274	\$ 1,405,258	\$ 9,779,685	\$ 11,184,943	\$ 41,839,217

National Relief Charities, Inc.
Statement of Functional Expenses
Year Ended December 31, 2013

2013

	Program Services					Supporting Services			Total
	Plains Indian Services	Southwest Indian Services	American Indian Education Foundation	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Cost of goods distributed	\$ 11,881,021	\$ 9,816,466	\$ -	\$ -	\$ 21,697,487	\$ -	\$ -	\$ -	\$ 21,697,487
Grants	-	10,000	440,808	-	450,808	-	-	-	450,808
Advertising and list rentals	106	675	1,793	-	2,574	-	586,868	586,868	589,442
Mailing and shipping	2,565,407	2,217,532	555,325	127	5,338,391	12,416	1,173,416	1,185,832	6,524,223
Meetings and travel	31,252	25,103	23,960	1,185	81,500	27,269	42,305	69,574	151,074
Office supplies	194,110	33,986	6,154	485	234,735	10,368	57,143	67,511	302,246
Payroll and benefits	1,005,469	743,960	206,859	84,288	2,040,576	726,973	3,229,198	3,956,171	5,996,747
Printing	423	552	6,824	-	7,799	2,014	2,673,600	2,675,614	2,683,413
Professional fees	7,240	27,273	12,052	17,957	64,522	231,918	485,909	717,827	782,349
Rent and utilities	42,303	42,798	128	43	85,272	4,556	850,889	855,445	940,717
Computers and technology	24,052	53,980	2,972	1,523	82,527	46,471	480,137	526,608	609,135
Miscellaneous	128,454	211,694	18,617	569	359,334	29,575	561,365	590,940	950,274
Depreciation	136,899	78,352	3,142	4,294	222,687	9,358	219,663	229,021	451,708
Interest	-	61,538	-	-	61,538	-	6,680	6,680	68,218
Total	\$ 16,016,736	\$ 13,323,909	\$ 1,278,634	\$ 110,471	\$ 30,729,750	\$ 1,100,918	\$ 10,367,173	\$ 11,468,091	\$ 42,197,841

National Relief Charities, Inc.
Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Activities		
Change in net assets	\$ 178,919	\$ 1,550,988
Items not requiring (providing) operating cash		
Depreciation	393,470	451,708
Gain on sale of property and equipment	-	(11,500)
Net realized and unrealized (gain) loss on investments	24,870	(16,189)
Contributions restricted for long-term investment	(115)	-
Changes in		
Bequests receivable	39,373	(52,006)
Accounts payable and accrued expenses	33,179	(710,220)
Annuities payable	(9,876)	(5,500)
Inventories	2,550,306	479,772
Other current assets and liabilities	(69,568)	40,937
	<u>3,140,558</u>	<u>1,727,990</u>
Net cash provided by operating activities		
Investing Activities		
Proceeds from sale of property and equipment	-	11,500
Purchases of property and equipment	(339,154)	(120,832)
Purchases of investments	(2,500,000)	-
	<u>(2,839,154)</u>	<u>(109,332)</u>
Net cash used in investing activities		
Financing Activities		
Proceeds from contributions restricted for long-term investment	115	-
Principal payments on long-term debt	(182,300)	(451,003)
	<u>(182,185)</u>	<u>(451,003)</u>
Net cash used in financing activities		
Increase in Cash and Cash Equivalents	119,219	1,167,655
Cash and Cash Equivalents, Beginning of Year	<u>5,765,464</u>	<u>4,597,809</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,884,683</u>	<u>\$ 5,765,464</u>
Supplemental Cash Flows Information		
Interest paid	\$ 52,998	\$ 68,218

National Relief Charities, Inc.
Notes to Financial Statements
December 31, 2014 and 2013

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

National Relief Charities, Inc. (NRC) is a not-for-profit organization which was incorporated in North Carolina in 1989 whose mission and principal activities are to assist impoverished Native Americans with various forms of humanitarian support and to educate the public about the plight of the American Indian in today's society.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

NRC considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2014 and 2013, cash equivalents consisted primarily of money market accounts with brokers.

At December 31, 2014, NRC's cash accounts exceeded federally insured limits by approximately \$4,520,000.

Investments and Investment Return

Investments in mutual funds having a readily determinable fair value are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

National Relief Charities, Inc.
Notes to Financial Statements
December 31, 2014 and 2013

Foreign Currency Transactions

Assets and liabilities of operations that transact in a local currency environment, where that local currency is the functional currency, are translated to U.S. dollars at exchange rates in effect at the statement of financial position date, with the resulting translation adjustments included in *Other Income*. Income and expense accounts are translated at average exchange rates during the year. Re-measurement adjustments are also recorded in Other Income.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	39 years
Building and leasehold improvements	3 – 39 years
Furniture and equipment	3 – 7 years
Vehicles	5 years

Long-lived Asset Impairment

NRC evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2014 and 2013.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by NRC has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by NRC in perpetuity.

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as unrestricted.

In-kind Contributions

In addition to receiving cash contributions, NRC receives in-kind contributions of clothing, medical supplies, toiletries, food, educational products and other items from various donors. It is the policy of NRC to record the estimated fair value of certain in-kind donations as inventory in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2014 and 2013, \$18,715,366 and \$20,803,785, respectively, was received in in-kind contributions. Approximately 61% of all in-kind contributions were received from three donors in 2014.

Inventory

Inventories consist of donated and purchased supplies and are usually acquired through major retailer and not-for-profit organization donations.

- **Donated Supplies Other Than Food** – Donated supplies are recorded at their fair value based upon the estimated donor's cost. NRC values items by identifying the gross profit margin of the retailer and researching the average retailer price for the item via retailer websites. Once the average price is determined, it is reduced by a percentage equal to the gross profit margin of the retailer. This values the donated item at the approximate price paid by the retailer.
- **Donated Food** – NRC values food items at the average wholesale price per pound of food as determined by a price study commissioned by Feeding America, the largest food charity in the U.S. This rate applies to all food regardless of type or packaging. For both the years ended December 31, 2014 and 2013, the average wholesale price per pound of food was \$1.66.

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Shipping and Handling Costs

Shipping and handling costs of \$6,309,741 and \$6,524,223 for 2014 and 2013, respectively, are included in program services and supporting services expenses.

Income Taxes

NRC is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, NRC is subject to federal income tax on any unrelated business taxable income. There was no unrelated taxable income in 2014 and 2013.

NRC files tax returns in the U.S. federal jurisdiction. With a few exceptions, the NRC is no longer subject to U.S. federal examinations by tax authorities for years before 2011.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on direct salaries and other methods.

Fundraising Expenses

All costs attributable to the production, printing and mailing of literature to the public that have both educational and fundraising appeal, have been allocated between fundraising and program expenses in the financial statements as they meet the requirements for the allocation of joint costs as provided by Accounting Standards Codification (ASC) Topic 958-720-50, *Accounting for Costs of Activities that Include Fundraising*.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation. These reclassifications had no effect on the change in net assets.

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	2014	2013
Cash and cash equivalents	\$ 207,463	\$ -
Domestic mutual funds	520,987	9,454
International mutual funds	441,410	88,539
Fixed income mutual funds	976,958	59,400
Alternative mutual funds	485,675	-
Certificates of deposit	65,363	65,333
	\$ 2,697,856	\$ 222,726

Total investment return, recorded in other income, is comprised of the following:

	2014	2013
Net realized and unrealized gain (loss) on investments reported at fair value	\$ (24,870)	\$ 16,189
Interest and dividends, net of management fee	4,309	2,079
	\$ (20,561)	\$ 18,268

Note 3: Property and Equipment

Property and equipment at December 31 consists of:

	2014	2013
Land	\$ 1,186,255	\$ 1,186,255
Buildings	6,926,169	6,894,842
Building and leasehold improvements	691,097	454,538
Vehicles	1,160,891	1,139,591
Furniture and equipment	1,715,282	1,665,315
	11,679,694	11,340,541
Less accumulated depreciation and amortization	4,501,735	4,108,266
	\$ 7,177,959	\$ 7,232,275

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 4: Line of Credit

NRC has a \$1,000,000 revolving bank line of credit expiring August 5, 2015. At both December 31, 2014 and 2013, there was \$0 borrowed against this line of credit. The line of credit is collateralized by NRC's South Dakota real property. Interest is payable monthly at LIBOR plus 2.85% at December 31, 2014 and 2013.

Note 5: Long-term Debt

	2014	2013
Note payable, JPMorgan Chase Bank, NA (A)	\$ 819,747	\$ 1,002,047
Less current maturities	113,887	101,400
	\$ 705,860	\$ 900,647

(A) Original maturity date of August 10, 2026; \$13,120 payable monthly including interest at 5.8%; secured by Arizona real estate. As of December 31, 2014, NRC has made additional principal payments of \$457,000 in excess of the scheduled payments.

Aggregate annual maturities of long-term debt at December 31 are:

Years Ending	Principal	Interest	Total
2015	\$ 113,887	\$ 44,549	\$ 158,436
2016	120,671	37,765	158,436
2017	127,859	30,577	158,436
2018	135,475	22,961	158,436
2019	143,545	14,891	158,436
Thereafter	178,310	6,533	184,843
Total	\$ 819,747	\$ 157,276	\$ 977,023

Note 6: Annuities Payable

NRC has been the recipient of gift annuities which require future payments to the donor. The assets received from the donor are recorded at fair value. NRC has recorded a liability at December 31, 2014 and 2013, of \$18,425 and \$28,301, respectively, which represents the present value of the future annuity obligations. The liability has been determined using discount rates between 0.71% and 2.2%.

In 2014, NRC executed a gift annuity agreement issued to a Maryland resident. The Code of Maryland Regulations No. 31.09.07.03E requires organizations to maintain assets equal to the outstanding annuity agreements. Temporary restricted net assets included \$18,425 at December 31, 2014, related to this agreement.

National Relief Charities, Inc.
Notes to Financial Statements
December 31, 2014 and 2013

Note 7: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 are available for the following purposes or periods:

	<u>2014</u>	<u>2013</u>
Scholarships	\$ 298,298	\$ 586,298
Other	<u>18,425</u>	<u>40,012</u>
	<u>\$ 316,723</u>	<u>\$ 626,310</u>

Permanently Restricted Net Assets

Permanently restricted net assets at December 31 are restricted to:

	<u>2014</u>	<u>2013</u>
Investment in perpetuity, the income of which is expendable to support NRC operations	<u>\$ 65,115</u>	<u>\$ 65,000</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2014</u>	<u>2013</u>
Scholarships and education	\$ 294,000	\$ 323,000
Healthy living	-	8,725
Special programs	-	2,500
Other	<u>40,012</u>	<u>3,960</u>
	<u>\$ 334,012</u>	<u>\$ 338,185</u>

National Relief Charities, Inc.
Notes to Financial Statements
December 31, 2014 and 2013

Note 8: Operating Leases

Noncancellable operating leases for office space expire in various years through 2020. These leases require NRC to pay all executory costs (property taxes, maintenance and insurance).

Future minimum lease payments under operating leases are:

2015	\$ 203,320
2016	248,681
2017	199,694
2018	156,009
2019	160,897
Thereafter	<u>67,210</u>
Total minimum lease payments	<u>\$ 1,035,811</u>

Rent expense for 2014 and 2013 was approximately \$183,000 and \$163,000, respectively.

Note 9: Postretirement Benefit Plans

NRC has a 401(k) plan covering substantially all U.S. based employees. NRC's contributions to the plan are 3% of annual compensation of all eligible employees. Contributions to the plan were \$100,902 and \$100,912 for 2014 and 2013, respectively.

Note 10: Allocation of Joint Costs

NRC conducted activities that included requests for contributions, as well as program components. Those activities included direct mail, planned giving and telemarketing campaigns. The costs of conducting those activities included a total of \$7,636,223 and \$7,827,936 in 2014 and 2013, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2014</u>	<u>2013</u>
Fundraising	\$ 3,578,179	\$ 3,624,186
Plains Indian Services	2,245,610	1,989,057
Southwest Indian Services	1,472,517	1,665,709
American Indian Education Foundation	<u>339,917</u>	<u>548,984</u>
	<u>\$ 7,636,223</u>	<u>\$ 7,827,936</u>

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 11: Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2014 and 2013:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2014				
Cash and cash equivalents	\$ 207,463	\$ 207,463	\$ -	\$ -
Domestic mutual funds	520,987	520,987	-	-
International mutual funds	441,410	441,410	-	-
Fixed income mutual funds	976,958	976,958	-	-
Alternative investment mutual funds	485,675	485,675	-	-

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013				
Domestic mutual funds	\$ 9,454	\$ 9,454	\$ -	\$ -
International mutual funds	88,539	88,539	-	-
Fixed income mutual funds	59,400	59,400	-	-

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2014.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. NRC did not have any investments that are classified as Level 2 or Level 3.

Note 12: Foreign Exchange Risk

NRC engages in activities that extend beyond the borders of the United States and are susceptible to adverse changes in the currency markets. As of December 31, 2014, NRC had approximately 1,200,000 Philippines Pesos worth approximately \$27,000. Annual gains or losses from foreign currency translations have been minimal.

Note 13: Subsequent Events

Subsequent to year end, NRC listed certain properties for sale in Sherman, Texas, Warrington, Virginia and Rapid City, South Dakota. The closing on these sales or properties is undetermined, but are expected to occur in 2015. At December 31, 2014, these properties were still in use by NRC and are not listed as assets held for sale.

Subsequent events have been evaluated through April 17, 2015, which is the date the financial statements were available to be issued.

Supplementary Information

National Relief Charities, Inc.
Schedule of Change in Net Assets
Year Ended December 31, 2014

	Other Unrestricted	In-kind Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support						
Direct contributions	\$ 22,805,096	\$ -	\$ 22,805,096	\$ 24,425	\$ 115	\$ 22,829,636
In-kind donations	-	18,715,366	18,715,366	-	-	18,715,366
Other income	473,134	-	473,134	-	-	473,134
Net assets released from restrictions	334,012	-	334,012	(334,012)	-	-
	<u>23,612,242</u>	<u>18,715,366</u>	<u>42,327,608</u>	<u>(309,587)</u>	<u>115</u>	<u>42,018,136</u>
Expenses						
Program services						
Plains Indian Services	4,493,164	11,733,418	16,226,582	-	-	16,226,582
Southwest Indian Services	3,505,759	9,622,420	13,128,179	-	-	13,128,179
American Indian Education Foundation	1,143,539	-	1,143,539	-	-	1,143,539
Other programs	155,974	-	155,974	-	-	155,974
	<u>9,298,436</u>	<u>21,355,838</u>	<u>30,654,274</u>	<u>-</u>	<u>-</u>	<u>30,654,274</u>
Supporting services						
Management and general	1,405,258	-	1,405,258	-	-	1,405,258
Fundraising	9,779,685	-	9,779,685	-	-	9,779,685
	<u>11,184,943</u>	<u>-</u>	<u>11,184,943</u>	<u>-</u>	<u>-</u>	<u>11,184,943</u>
	<u>20,483,379</u>	<u>21,355,838</u>	<u>41,839,217</u>	<u>-</u>	<u>-</u>	<u>41,839,217</u>
Change in Net Assets	<u>\$ 3,128,863</u>	<u>\$ (2,640,472)</u>	<u>\$ 488,391</u>	<u>\$ (309,587)</u>	<u>\$ 115</u>	<u>\$ 178,919</u>

National Relief Charities, Inc.
Schedule of Change in Net Assets
Year Ended December 31, 2013

	Other Unrestricted	In-kind Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support						
Direct contributions	\$ 22,148,100	\$ -	\$ 22,148,100	\$ 241,023	\$ -	\$ 22,389,123
In-kind donations	-	20,803,785	20,803,785	-	-	20,803,785
Other income	544,421	-	544,421	-	-	544,421
Gain on sale of asset	11,500	-	11,500	-	-	11,500
Net assets released from restrictions	338,185	-	338,185	(338,185)	-	-
	<u>23,042,206</u>	<u>20,803,785</u>	<u>43,845,991</u>	<u>(97,162)</u>	<u>-</u>	<u>43,748,829</u>
Expenses						
Program services						
Plains Indian Services	4,356,208	11,660,528	16,016,736	-	-	16,016,736
Southwest Indian Services	3,709,282	9,614,627	13,323,909	-	-	13,323,909
American Indian Education Foundation	1,278,634	-	1,278,634	-	-	1,278,634
Other programs	110,471	-	110,471	-	-	110,471
	<u>9,454,595</u>	<u>21,275,155</u>	<u>30,729,750</u>	<u>-</u>	<u>-</u>	<u>30,729,750</u>
Supporting services						
Management and general	1,100,918	-	1,100,918	-	-	1,100,918
Fundraising	10,367,173	-	10,367,173	-	-	10,367,173
	<u>11,468,091</u>	<u>-</u>	<u>11,468,091</u>	<u>-</u>	<u>-</u>	<u>11,468,091</u>
	<u>20,922,686</u>	<u>21,275,155</u>	<u>42,197,841</u>	<u>-</u>	<u>-</u>	<u>42,197,841</u>
Change in Net Assets	<u>\$ 2,119,520</u>	<u>\$ (471,370)</u>	<u>\$ 1,648,150</u>	<u>\$ (97,162)</u>	<u>\$ -</u>	<u>\$ 1,550,988</u>