



RUNNING STRONG
for American Indian Youth[®]

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

Financial Statements

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)



**and
Report Thereon**



AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

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For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS' 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, 2020, 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.

Auditors' 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 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 auditors' 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.

Continued

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Opinion

In our opinion, the 2020 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, 2020, 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.

Other Matters*Report on the Summarized Comparative Financial Statements*

We have previously audited American Indian Youth Running Strong, Inc.'s 2019 financial statements, and in our report dated November 5, 2019, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
October 26, 2020

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020
(With Summarized Financial Information as of June 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 382,807	\$ 216,632
Grants and contributions receivable, net	75,596	62,238
Accounts receivable	13,889	5,523
Prepaid expenses	15,038	5,347
Inventory	127,625	158,288
Investments	1,810,036	1,668,180
Property and equipment, net	228,457	146,491
TOTAL ASSETS	\$ 2,653,448	\$ 2,262,699
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 114,191	\$ 62,138
Due to affiliates	136,562	146,439
Contract liabilities	-	17,393
TOTAL LIABILITIES	250,753	225,970
Net Assets		
Without donor restrictions	2,351,642	1,974,491
With donor restrictions	51,053	62,238
TOTAL NET ASSETS	2,402,695	2,036,729
TOTAL LIABILITIES AND NET ASSETS	\$ 2,653,448	\$ 2,262,699

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, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Cash contributions from affiliate	\$ 2,200,000	\$ -	\$ 2,200,000	\$ 1,500,000
Noncash contributions	1,193,961	-	1,193,961	988,619
Foundation grants and cash contributions	397,050	734,696	1,131,746	703,449
Noncash contributions from affiliate	764,497	-	764,497	1,016,377
Workplace campaign contributions	-	57,590	57,590	66,900
Grants from government agencies	47,315	-	47,315	35,154
Other income	39,665	-	39,665	52,398
Investment income, net	54,857	-	54,857	87,457
Wills and bequests	-	11,319	11,319	41,083
Net assets released from restrictions:				
Satisfaction of time restrictions	68,775	(68,775)	-	-
Satisfaction of purpose restrictions	746,015	(746,015)	-	-
TOTAL REVENUE AND SUPPORT	5,512,135	(11,185)	5,500,950	4,491,437
EXPENSES				
Program Services:				
American Indian programs	5,030,999	-	5,030,999	4,721,820
Total Program Services	5,030,999	-	5,030,999	4,721,820
Supporting Services:				
Management and general	58,809	-	58,809	57,313
Development and fundraising	45,176	-	45,176	39,787
Total Supporting Services	103,985	-	103,985	97,100
TOTAL EXPENSES	5,134,984	-	5,134,984	4,818,920
CHANGE IN NET ASSETS	377,151	(11,185)	365,966	(327,483)
NET ASSETS, BEGINNING OF YEAR	1,974,491	62,238	2,036,729	2,364,212
NET ASSETS, END OF YEAR	\$ 2,351,642	\$ 51,053	\$ 2,402,695	\$ 2,036,729

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, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

2020

	American Indian Programs	Management and General	Development and Fundraising	Total	2019 Total
Donated relief materials	\$ 1,979,187	\$ -	\$ -	\$ 1,979,187	\$ 2,215,400
Cash grants	1,373,430	-	-	1,373,430	1,192,680
Wages and fringe benefits	628,965	-	-	628,965	402,109
Procurement fees	535,898	-	-	535,898	404,012
Contract services	169,583	-	20,000	189,583	157,643
Office supplies, dues and subscriptions	76,521	10,234	25,042	111,797	80,741
Meetings and travel	81,160	2,500	-	83,660	127,619
Shipping	59,358	168	106	59,632	63,020
Payroll taxes	44,556	-	-	44,556	29,143
Depreciation	26,932	-	-	26,932	23,645
Provision for doubtful accounts	-	19,206	-	19,206	16,531
Professional and consulting	1,985	12,541	-	14,526	18,057
Miscellaneous	14,274	-	-	14,274	16,196
General insurance	14,067	-	-	14,067	9,941
Rent	-	8,272	-	8,272	11,247
Utilities	6,041	-	-	6,041	4,747
Loss on write-off of inventory	-	5,888	-	5,888	5,280
Postage	4,930	-	28	4,958	5,194
Printing and production	4,024	-	-	4,024	4,574
Telephone	3,397	-	-	3,397	3,956
Repairs and maintenance	3,218	-	-	3,218	24,716
Real estate taxes	1,398	-	-	1,398	1,330
Advertising	1,072	-	-	1,072	377
Bank charges	603	-	-	603	762
Volunteer expense	400	-	-	400	-
TOTAL EXPENSES	\$ 5,030,999	\$ 58,809	\$ 45,176	\$ 5,134,984	\$ 4,818,920

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, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 365,966	\$ (327,483)
Adjustments to reconcile change in net assets to net cash provided by (used in) provided by operating activities:		
Provision for doubtful accounts	19,206	18,057
Depreciation	26,932	23,645
Unrealized losses (gains) on investments	22,642	(49,181)
Realized losses (gains) on investments	(37,559)	2,447
Noncash contributions	(1,958,458)	(2,004,996)
Donated relief materials	1,979,187	2,215,400
Loss from write-off of inventory	5,888	377
Changes in assets and liabilities:		
Grants and contributions receivable	(32,564)	11,838
Accounts receivable	(8,366)	(2,616)
Due from affiliate	-	113
Inventory	4,046	2,165
Prepaid expenses	(9,691)	(4,572)
Accounts payable and accrued expenses	22,808	(61,284)
Due to affiliates	(9,877)	37,093
Contract liabilities	(17,393)	(9,413)
	<u>372,767</u>	<u>(148,410)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(535,304)	(139,115)
Sales of investments	408,365	103,214
Purchases of property and equipment	(79,653)	-
	<u>(206,592)</u>	<u>(35,901)</u>
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	166,175	(184,311)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>216,632</u>	<u>400,943</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 382,807</u>	<u>\$ 216,632</u>
Supplemental Cash Flow Information		
Noncash investing transaction:		
Property and equipment in accounts payable and accrued expenses	<u>\$ 29,245</u>	<u>\$ -</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, 2020**

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 two field operations: an office and a warehouse in Porcupine, South Dakota and an office in Kyle, South Dakota on the Pine Ridge Indian Reservation. Operated by the Organization's local Native staff, both act as an on-site interactive organizational presence, providing direct services and distributions of new relief items as well as acting as a resource to identify new reservation needs, troubleshoot and provide technical assistance for program partners as needed.

The Organization received approximately 54% of its support and revenue from Christian Relief Services, Inc. (CRSI) and CRS 21st Century, Inc. (CRS21), affiliates of CRSC, and the remaining 46% 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 net assets without donor restrictions, 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, 2020

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, 2020, only the Organization's investments, as described in Note 4 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, 2020**

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

Net Assets

The net assets of the Organization are classified as follows:

- Net assets without donor restrictions represent funds that are available for support of the Organization's operations.
- Net assets with donor restrictions represent amounts that are subject to donor-imposed restrictions to be used for various programs or within a specific time period. These donor restrictions can be temporary in nature in that they will be met by the Organization's activities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated that the funds must be maintained in perpetuity. As of June 30, 2020, the Organization had no net assets with donor restrictions that were required to be maintained in perpetuity.

Revenue and Support Recognition

Unconditional gifts and grants of cash and other assets are recognized as revenue and support at their net realizable value when an unconditional promise to give is received by the Organization. The Organization reports unconditional gifts and grants of cash and other assets as revenue without donor restrictions, unless specifically restricted by the donor. The Organization reports unconditional gifts of cash and other assets as revenue and support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 revenue with donor restrictions in the accompanying statement of activities. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Revenue and support recognized on unconditional 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.

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, 2020

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

Revenue and Support Recognition (continued)

The Organization receives grants from government agencies, which are conditional upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. During the year ended June 30, 2020, the Organization was awarded federal grants totaling \$72,772, \$47,315 of which was recognized during the year. Revenue and support recognized on these grant for which billings have not been presented to the grantor or cash has not been received from the grantor, is reflected as part of contributions receivable in the accompanying statement of financial position. Amounts earned and released within the same year under conditional awards are reported as increases in net assets without donor restrictions in the accompanying statement of activities.

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 and is included in other income in the statement of activities. Deposits received in advance of the tour are recorded as contract liabilities in the accompanying statement of financial position.

Sales of merchandise from the online store is recognized as revenue at the time of purchase and included in other income in the statement of activities.

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 and medical 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 various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas. Salaries and benefits that benefit multiple CRSC affiliates have been allocated among the CRSC affiliates based on estimates determined by management to be equitable. Occupancy and depreciation expense are allocated by the square footage used by each affiliate. All other shared costs are recorded in the parent company and not allocated since the amounts are not significant to the financial statements of the affiliates.

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.

Continued

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

New Accounting Pronouncements

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 and related amendments on July 1, 2019, using the modified retrospective method and elected to apply the standard only to program service contracts that were not completed as of that date. The adoption of the standard did not impact the Organization's results of operations or change in net assets.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958)*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, subject to other guidance, and determining whether a contribution is conditional. The Organization adopted ASU 2018-08 on July 1, 2019, using the modified prospective basis and the adoption of the standard did not result in a material change to the financial statements or the timing of revenue recognition for the Organization's grants and contributions.

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 \$17,251 as of June 30, 2020.

3. Inventory

The Organization's inventory consisted of the following as of June 30, 2020:

Shoes	\$ 92,127
Hygiene products and other	<u>35,498</u>
Total Inventory	<u>\$ 127,625</u>

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

4. Investments and Fair Value Measurement

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of June 30, 2020, aggregated by the fair value hierarchy level with which those measurements were made:

	Total <u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Exchange-traded funds	\$ <u>1,810,036</u>	\$ <u>1,810,036</u>	\$ <u>-</u>	\$ <u>-</u>

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

A summary of investment income is as follows for the year ended June 30, 2020:

Interest and dividends, net	\$ 39,940
Realized gains	37,559
Unrealized losses	<u>(22,642)</u>
Total Investment Income, Net	\$ <u>54,857</u>

5. Property and Equipment

Property and equipment consisted of the following as of June 30, 2020:

Building and land	\$ 157,920
Vehicles	171,005
Office and computer equipment	<u>11,301</u>
Total Property and Equipment	340,226
Less: Accumulated Depreciation	<u>(111,769)</u>
Property and Equipment, Net	\$ <u>228,457</u>

Depreciation expense was \$26,932 for the year ended June 30, 2020.

6. Net Assets With Donor Restrictions

As of June 30, 2020, net assets of \$51,053 were restricted for use in future periods.

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

7. Availability of Resources and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2020, were as follows:

Cash and cash equivalents	\$ 382,807
Grants and contributions receivable	75,596
Accounts receivable	13,889
Investments	<u>1,810,036</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,282,328</u>

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the nature of the cash flows from external funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles or available to support organizational initiatives. The Organization can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

8. Concentrations of Credit Risk

The Organization maintains cash balances in several accounts in various banks. At times, these balances may exceed the federal insurance limit; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. As of June 30, 2020, the Federal Deposit Insurance Corporation (FDIC) insured balances of a depositor at each FDIC-insured Institution up to \$250,000. The amount held by the Organization in excess of the FDIC insured limit as of June 30, 2020, totaled approximately \$273,000.

9. 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, CRS21 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, 2020, CRSI made \$2,200,000 in cash contributions to the Organization.

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

9. Transactions with Affiliates (continued)

During the year ended June 30, 2020, CRSI made noncash contributions to the Organization of \$764,497, and the Organization also made noncash contributions to CRSI of \$9,878 from donated goods that the Organization directly received.

As of June 30, 2020, 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)	\$ 128,514
CRS Virginia (office expenses)	79
CRSI (contributions)	<u>7,969</u>
Total Due to Affiliates	<u>\$ 136,562</u>

10. 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

On January 1, 2020, the plan was amended to increase the employer matching provisions as follows:

<u>Elective Deferral</u>	<u>Employer Matching</u>
1%	400% of employee contribution
1% – 5%	100% of employee contribution

Employees are immediately vested in employer contributions. During the year ended June 30, 2020, retirement expense related to the plan was \$21,169.

11. 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, 2020, as the Organization had no taxable net unrelated business income.

AMERICAN INDIAN YOUTH RUNNING STRONG, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

11. Income Taxes (continued)

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB 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 tax positions taken for the year ended June 30, 2020, 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, 2020, certain tax year remained open with U.S. federal and local jurisdictions, however, there are no audits for any tax periods pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in tax positions, if any, in interest or income tax expense. As of June 30, 2020, the Organization had no accruals for interest and/or penalties.

12. 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, 2019, from which the summarized information was derived.

13. Reclassifications

Certain 2019 amounts have been reclassified to conform with the 2020 financial statement presentation.

14. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2020, the date the financial statements were available to be issued. Except as discussed below, there were no subsequent events that require recognition or disclosure in the financial statements.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States. The Organization is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, in addition to the impact on its employees. The Organization has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact the Organization's financial condition or result of operations is uncertain and being evaluated by management and the Board.