

National Relief Charities, Inc.

Auditor's Report and Financial Statements

December 31, 2013 and 2012



National Relief Charities, Inc.
December 31, 2013 and 2012

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Independent Auditor's Report

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

We have audited the accompanying financial statements of National Relief Charities, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, 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, 2013 and 2012, 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 supplementary information, Schedules of Change in Net Assets, 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 9, 2014

National Relief Charities, Inc.
Statements of Financial Position
December 31, 2013 and 2012

Assets

	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and cash equivalents	\$ 5,765,464	\$ 4,597,809
Bequests receivable	68,500	16,494
Inventories	7,407,513	7,887,285
Short-term investments	222,726	206,537
Prepaid expenses and other assets	<u>275,348</u>	<u>316,285</u>
Total current assets	13,739,551	13,024,410
Property and equipment, net	<u>7,232,275</u>	<u>7,563,151</u>
Total assets	<u><u>\$ 20,971,826</u></u>	<u><u>\$ 20,587,561</u></u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 462,943	\$ 1,055,952
Accrued salaries, benefits and vacation	250,741	367,952
Current portion of long-term debt	<u>101,400</u>	<u>165,768</u>
Total current liabilities	815,084	1,589,672
Annuities payable	28,301	33,801
Long-term debt	<u>900,647</u>	<u>1,287,282</u>
Total liabilities	<u>1,744,032</u>	<u>2,910,755</u>
Net Assets		
Unrestricted	18,536,484	16,888,334
Temporarily restricted	626,310	723,472
Permanently restricted	<u>65,000</u>	<u>65,000</u>
Total net assets	<u>19,227,794</u>	<u>17,676,806</u>
Total liabilities and net assets	<u><u>\$ 20,971,826</u></u>	<u><u>\$ 20,587,561</u></u>

National Relief Charities, Inc.
Statements of Activities
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Changes in Unrestricted Net Assets		
Unrestricted Revenues, Gains, and Other Support		
Direct contributions	\$ 22,148,100	\$ 24,749,017
In-kind donations	20,803,785	17,723,194
Other income	544,421	453,352
Gain on sale of asset	11,500	176,943
Net assets released from restrictions	<u>338,185</u>	<u>126,186</u>
Total revenue and support	<u>43,845,991</u>	<u>43,228,692</u>
Expenses and Losses		
Program services		
Plains Indian Services	16,016,736	16,134,273
Southwest Indian Services	13,323,909	14,728,246
American Indian Education Foundation	1,278,634	1,496,949
Other programs	<u>110,471</u>	<u>93,348</u>
Total program services	<u>30,729,750</u>	<u>32,452,816</u>
Supporting services		
Management and general	1,100,918	629,822
Fundraising	<u>10,367,173</u>	<u>11,966,044</u>
Total supporting services	<u>11,468,091</u>	<u>12,595,866</u>
Total expenses	<u>42,197,841</u>	<u>45,048,682</u>
Increase (decrease) in Unrestricted Net Assets	<u>1,648,150</u>	<u>(1,819,990)</u>
Changes in Temporarily Restricted Net Assets		
Direct contributions	241,023	849,658
Net assets released from restrictions	<u>(338,185)</u>	<u>(126,186)</u>
Increase (decrease) in Temporarily Restricted Net Assets	<u>(97,162)</u>	<u>723,472</u>
Change in Net Assets	1,550,988	(1,096,518)
Net Assets, Beginning of Year	<u>17,676,806</u>	<u>18,773,324</u>
Net Assets, End of Year	<u>\$ 19,227,794</u>	<u>\$ 17,676,806</u>

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

	2013								
	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	\$ 11,881,021	\$ 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.
Statement of Functional Expenses
Year Ended December 31, 2012

	2012								
	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	\$ 10,831,918	\$ 10,542,159	\$ -	\$ -	\$ 21,374,077	\$ 6,792	\$ -	\$ 6,792	\$ 21,380,869
Grants	8,732	10,000	462,898	-	481,630	-	-	-	481,630
Advertising and list rentals	1,455	1,086	1,559	-	4,100	606	1,024,472	1,025,078	1,029,178
Mailing and shipping	3,359,823	2,818,317	752,057	12	6,930,209	3,651	911,790	915,441	7,845,650
Meetings and travel	30,147	21,595	15,641	248	67,631	21,120	45,544	66,664	134,295
Office supplies	269,671	63,820	539	775	334,805	13,977	97,929	111,906	446,711
Payroll and benefits	1,231,853	780,748	237,336	85,404	2,335,341	329,750	4,053,776	4,383,526	6,718,867
Printing	1,407	2,220	626	-	4,253	755	3,417,044	3,417,799	3,422,052
Professional fees	13,845	55,746	50	1,110	70,751	127,445	236,787	364,232	434,983
Rent and utilities	62,146	53,731	794	16	116,687	6,256	1,123,730	1,129,986	1,246,673
Computers and technology	7,166	13,406	1,045	693	22,310	23,123	354,708	377,831	400,141
Miscellaneous	144,455	208,170	20,204	890	373,719	52,159	319,396	371,555	745,274
Depreciation	171,655	74,166	4,200	4,200	254,221	10,780	361,499	372,279	626,500
Interest	-	83,082	-	-	83,082	33,408	19,369	52,777	135,859
Total	\$ 16,134,273	\$ 14,728,246	\$ 1,496,949	\$ 93,348	\$ 32,452,816	\$ 629,822	\$ 11,966,044	\$ 12,595,866	\$ 45,048,682

National Relief Charities, Inc.
Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Activities		
Change in net assets	\$ 1,550,988	\$ (1,096,518)
Items not requiring (providing) operating cash		
Depreciation	451,708	626,500
Gain on sale of property and equipment	(11,500)	(176,943)
Net realized and unrealized loss on investments	(16,189)	(21,039)
Changes in		
Bequests receivable	(52,006)	7,627
Accounts payable and accrued expenses	(710,220)	(88,845)
Annuities payable	(5,500)	33,801
Inventories	479,772	3,320,773
Other current assets and liabilities	40,937	(122,600)
	<u>1,727,990</u>	<u>2,482,756</u>
Net cash provided by operating activities		
Investing Activities		
Proceeds from sale of property and equipment	11,500	1,405,093
Purchases of property and equipment	(120,832)	(104,134)
Purchases of investments	-	(12,087)
	<u>(109,332)</u>	<u>1,288,872</u>
Net cash provided by (used in) investing activities		
Financing Activities		
Payments/proceeds on line of credit, net	-	(1,468,594)
Principal payments on long-term debt	(451,003)	(470,985)
	<u>(451,003)</u>	<u>(1,939,579)</u>
Net cash used in financing activities		
Increase in Cash and Cash Equivalents	1,167,655	1,832,049
Cash and Cash Equivalents, Beginning of Year	<u>4,597,809</u>	<u>2,765,760</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,765,464</u>	<u>\$ 4,597,809</u>
Supplemental Cash Flows Information		
Interest paid	\$ 68,218	\$ 135,859

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2013 and 2012

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, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

At December 31, 2013, NRC's cash accounts exceeded federally insured limits by approximately \$4,470,000.

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, 2013 and 2012

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. Assets under capital lease obligations and leasehold improvements are depreciated, if any, 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
Computers and software	3 – 5 years
Machinery and equipment	5 – 7 years
Furniture and fixtures	5 – 7 years
Motor 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, 2013 and 2012.

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, 2013 and 2012

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 an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2013 and 2012; \$20,803,785 and \$17,723,194, respectively, was received in in-kind contributions.

Inventory

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

- **Donated Supplies Other Than Food** – Donated supplies are recorded at their fair value based upon the estimated price paid by the donor. 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, 2013 and 2012; \$1.66 was the average wholesale price per pound of food.

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2013 and 2012

Shipping and Handling Costs

Shipping and handling costs of \$6,524,223 and \$7,845,650 for 2013 and 2012, respectively, are included in program services and supporting services expenses.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. There was no unrelated taxable income in 2013 and 2012.

The Organization files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2010.

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 fund raising 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*.

Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	2013	2012
Dodge & Cox International Stock Fund	\$ 2,522	\$ 1,996
Pear Tree Polaris Foreign Value Fund	86,017	67,428
CGM Focus Fund	9,454	6,870
American Century Target Mat 2015	2,740	2,740
Vanguard Inflation-protected	56,660	62,170
Certificates of deposit	65,333	65,333
	<u>\$ 222,726</u>	<u>\$ 206,537</u>

National Relief Charities, Inc.
Notes to Financial Statements
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Total investment return, recorded in *Other Income*, is comprised of the following:

	<u>2013</u>	<u>2012</u>
Net realized and unrealized gain (loss) on investments reported at fair value	\$ 16,189	\$ 17,555
Interest and dividends, net of management fee	<u>2,079</u>	<u>3,484</u>
	<u>\$ 18,268</u>	<u>\$ 21,039</u>

Note 3: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2013</u>	<u>2012</u>
Land	\$ 1,186,255	\$ 1,186,255
Buildings	6,894,842	6,894,842
Leasehold improvements	454,538	454,538
Vehicles	1,139,591	1,093,757
Furniture and equipment	<u>1,665,315</u>	<u>1,659,016</u>
	11,340,541	11,288,408
Less: Accumulated depreciation and amortization	<u>4,108,266</u>	<u>3,725,257</u>
	<u>\$ 7,232,275</u>	<u>\$ 7,563,151</u>

Note 4: Line of Credit

NRC has a \$1,000,000 revolving bank line of credit expiring August 5, 2015. At both December 31, 2013 and 2012, there was \$0 borrowed against this line. The line is collateralized by NRC's South Dakota property. Interest on the line of credit was 2.85% above LIBOR and 5.45% on December 31, 2013 and 2012, respectively, and is payable monthly.

National Relief Charities, Inc.
Notes to Financial Statements
December 31, 2013 and 2012

Note 5: Long-term Debt

	2013	2012
Note payable, Great Western Bank (A)	\$ -	\$ 286,167
Note payable, JPMorgan Chase Bank, NA (B)	1,002,047	1,166,883
	1,002,047	1,453,050
Less: Current maturities	101,400	165,768
	\$ 900,647	\$ 1,287,282

(A) Note payable was paid in full May 29, 2013.

(B) Due December 10, 2021; \$156,851 payable annually with interest payable monthly at 5.8% fixed interest rate; secured by Arizona real estate.

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

Years Ending	Principal	Interest	Total
2014	\$ 101,400	\$ 55,451	\$ 156,851
2015	107,440	49,411	156,851
2016	113,840	43,011	156,851
2017	120,621	36,230	156,851
2018	127,806	29,045	156,851
Thereafter	430,940	39,616	470,556
Total	\$ 1,002,047	\$ 252,764	\$ 1,254,811

Note 6: Annuities Payable

NRC has been the recipient of two 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, 2013 and 2012, of \$28,301 and \$33,801, which represents the present value of the future annuity obligations. The liability has been determined using discount rates between 1.2% and 1.0%.

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2013 and 2012

Note 7: Net Assets

Temporarily Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 586,298	\$ 702,000
Other	<u>40,012</u>	<u>21,472</u>
	<u>\$ 626,310</u>	<u>\$ 723,472</u>

Permanently Restricted Net Assets

Permanently restricted net assets at December 31 are restricted to:

	<u>2013</u>	<u>2012</u>
Investment in perpetuity, the income of which is expendable to support NRC operations	<u>\$ 65,000</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>2013</u>	<u>2012</u>
Healthy living	\$ 8,725	\$ 20,467
Scholarship and education	323,000	34,550
School supplies	-	3,500
Food and water	-	10,350
Special programs	2,500	56,369
Other programs	<u>3,960</u>	<u>950</u>
	<u>\$ 338,185</u>	<u>\$ 126,186</u>

National Relief Charities, Inc.
Notes to Financial Statements
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Note 8: Operating Leases

NRC has an operating lease agreement for office space in the Philippines for the three-month period ending March 31, 2014. Rent expense for 2013 was approximately \$163,000.

Future minimum lease payments under operating leases are:

2014	\$ 40,815
Total minimum lease payments	\$ 40,815

NRC is currently negotiating a new location and lease for its Philippines Operations.

Note 9: Postretirement Benefit Plans

401(k) Plan

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 \$100,912 and \$87,199 for 2013 and 2012, 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 \$7,827,936 and \$9,764,584 in 2013 and 2012, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	2013	2012
Fundraising	\$ 3,624,186	\$ 4,274,518
Plains Indian Services	1,989,057	2,535,534
Southwest Indian Services	1,665,709	2,208,379
American Indian Education Foundation	548,984	746,153
	\$ 7,827,936	\$ 9,764,584

National Relief Charities, Inc.
Notes to Financial Statements
December 31, 2013 and 2012

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 NRC's financial instruments 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, 2013 and 2012.

	2013		
	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Dodge & Cox International Stock Fund	\$ 2,522	\$ -	\$ -
Pear Tree Polaris Foreign Value Fund	86,017	-	-
CGM Focus Fund	9,454	-	-
American Century Target Mat 2015	2,740	-	-
Vanguard Inflation-protected	56,660	-	-

National Relief Charities, Inc.

Notes to Financial Statements

December 31, 2013 and 2012

	2012		
	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Dodge & Cox International Stock Fund	\$ 1,996	\$ -	\$ -
Pear Tree Polaris Foreign Value Fund	67,428	-	-
CGM Focus Fund	6,870	-	-
American Century Target Mat 2015	2,740	-	-
Vanguard Inflation-protected	62,170	-	-

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include mutual funds. Mutual funds, reported as Level 1, are valued by reference to quoted market prices for investments listed on an exchange or over-the-counter market.

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, 2013, NRC had approximately 8,000,000 Philippines Pesos worth approximately \$182,000. Annual gains or losses from foreign currency translations have been minimal.

Note 13: Subsequent Event

Subsequent events have been evaluated through April 9, 2014, 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, 2013

2013

	Other Unrestricted	In-kind Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support						
Direct contributions	\$ 22,159,325	\$ -	\$ 22,159,325	\$ 229,798	\$ -	\$ 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	326,960	-	326,960	(326,960)	-	-
Total revenue and support	23,042,206	20,803,785	43,845,991	(97,162)	-	43,748,829
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
Total program services	9,454,595	21,275,155	30,729,750	-	-	30,729,750
Supporting services						
Management and general	1,100,918	-	1,100,918	-	-	1,100,918
Fundraising	10,367,173	-	10,367,173	-	-	10,367,173
Total supporting services	11,468,091	-	11,468,091	-	-	11,468,091
Total expenses	20,922,686	21,275,155	42,197,841	-	-	42,197,841
Change in Net Assets	\$ 2,119,520	\$ (471,370)	\$ 1,648,150	\$ (97,162)	\$ -	\$ 1,550,988

National Relief Charities, Inc.
Schedule of Change in Net Assets
Year Ended December 31, 2012

2012

	Other Unrestricted	In-kind Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support						
Direct contributions	\$ 24,875,203	\$ -	\$ 24,875,203	\$ 723,472	\$ -	\$ 25,598,675
In-kind donations	-	17,723,194	17,723,194	-	-	17,723,194
Other income	453,352	-	453,352	-	-	453,352
Gain on sale of asset	176,943	-	176,943	-	-	176,943
	<u>25,505,498</u>	<u>17,723,194</u>	<u>43,228,692</u>	<u>723,472</u>	<u>-</u>	<u>43,952,164</u>
Expenses						
Program services						
Plains Indian Services	5,612,186	10,522,087	16,134,273	-	-	16,134,273
Southwest Indian Services	4,444,168	10,284,078	14,728,246	-	-	14,728,246
American Indian Education Foundation	1,496,949	-	1,496,949	-	-	1,496,949
Other programs	93,348	-	93,348	-	-	93,348
	<u>11,646,651</u>	<u>20,806,165</u>	<u>32,452,816</u>	<u>-</u>	<u>-</u>	<u>32,452,816</u>
Supporting services						
Management and general	629,822	-	629,822	-	-	629,822
Fundraising	11,966,044	-	11,966,044	-	-	11,966,044
	<u>12,595,866</u>	<u>-</u>	<u>12,595,866</u>	<u>-</u>	<u>-</u>	<u>12,595,866</u>
	<u>24,242,517</u>	<u>20,806,165</u>	<u>45,048,682</u>	<u>-</u>	<u>-</u>	<u>45,048,682</u>
Change in Net Assets	<u>\$ 1,262,981</u>	<u>\$ (3,082,971)</u>	<u>\$ (1,819,990)</u>	<u>\$ 723,472</u>	<u>\$ -</u>	<u>\$ (1,096,518)</u>