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**NATIVE  
ARTS &  
CULTURES**  
FOUNDATION

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2014 and 2013**

**and**

**Supplementary Financial Information**

**with**

**Independent Auditors' Reports**

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**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

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## **Independent Auditors' Report**

The Board of Directors  
Native Arts and Cultures Foundation, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Native Arts and Cultures Foundation, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets 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.

### **Auditors' 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 audits 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 reasonable basis for our opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Native Arts and Cultures Foundation, 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.

*Hoffman, Stewart & Schmidt, P.C.*

March 30, 2015

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Statements of Financial Position**

<b>December 31,</b>	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 446,686	\$ 550,681
Certificates of deposit	400,000	-
Grants receivable (Note 3)	440,000	42,000
Other receivable	-	1,050
Prepaid expenses and deposits	33,937	52,136
Investments (Note 5)	4,243,036	5,089,412
<b>Total current assets</b>	<b>5,563,659</b>	<b>5,735,279</b>
Furniture and equipment	71,313	57,550
Less accumulated depreciation	37,911	22,352
Net furniture and equipment	33,402	35,198
Grants receivable (Note 3)	70,000	-
Investments (Note 5)	5,218,452	5,052,483
<b>Total assets</b>	<b><u>\$ 10,885,513</u></b>	<b><u>\$ 10,822,960</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 8,169	\$ 34,679
Grants payable	10,500	26,000
Accrued payroll liabilities	21,540	53,449
<b>Total current liabilities</b>	<b>40,209</b>	<b>114,128</b>
Deferred rent (Note 6)	7,238	9,524
<b>Total liabilities</b>	<b>47,447</b>	<b>123,652</b>
Commitments (Notes 6 and 7)		
<b>Net assets:</b>		
Unrestricted	4,432,947	5,448,199
Temporarily restricted (Note 8)	2,405,119	1,251,109
Permanently restricted (Note 9)	4,000,000	4,000,000
<b>Total net assets</b>	<b><u>10,838,066</u></b>	<b><u>10,699,308</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 10,885,513</u></b>	<b><u>\$ 10,822,960</u></b>

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

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Statements of Activities and Changes in Net Assets**

**Years Ended December 31,**

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, gains, and other support:</b>								
Grants	\$ 100	\$ 1,340,000	\$ -	\$ 1,340,100	\$ 4,415	\$ 271,000	\$ -	\$ 275,415
Contributions	53,290	-	-	53,290	16,787	-	-	16,787
Investment return <i>(Note 4)</i>	143,816	165,969	-	309,785	672,723	473,293	-	1,146,016
In-kind contributions	458	-	-	458	2,255	-	-	2,255
Net assets released from restrictions <i>(Note 8)</i>	351,959	(351,959)	-	-	72,374	(72,374)	-	-
<b>Total revenues, gains, and other support</b>	<b>549,623</b>	<b>1,154,010</b>	<b>-</b>	<b>1,703,633</b>	<b>768,554</b>	<b>671,919</b>	<b>-</b>	<b>1,440,473</b>
<b>Functional expenses:</b>								
Program services	951,245	-	-	951,245	1,104,408	-	-	1,104,408
Management and general	253,998	-	-	253,998	205,118	-	-	205,118
Fundraising	359,632	-	-	359,632	181,178	-	-	181,178
<b>Total expenses</b>	<b>1,564,875</b>	<b>-</b>	<b>-</b>	<b>1,564,875</b>	<b>1,490,704</b>	<b>-</b>	<b>-</b>	<b>1,490,704</b>
<b>Increase (decrease) in net assets</b>	<b>(1,015,252)</b>	<b>1,154,010</b>	<b>-</b>	<b>138,758</b>	<b>(722,150)</b>	<b>671,919</b>	<b>-</b>	<b>(50,231)</b>
Net assets, beginning of year	5,448,199	1,251,109	4,000,000	10,699,308	1,170,349	579,190	9,000,000	10,749,539
Net assets redirected by donor <i>(Note 9)</i>	-	-	-	-	5,000,000	-	(5,000,000)	-
<b>Net assets, end of year</b>	<b>\$ 4,432,947</b>	<b>\$ 2,405,119</b>	<b>\$ 4,000,000</b>	<b>\$ 10,838,066</b>	<b>\$ 5,448,199</b>	<b>\$ 1,251,109</b>	<b>\$ 4,000,000</b>	<b>\$ 10,699,308</b>

*The accompanying notes are an integral part of the financial statements.*

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Statements of Cash Flows**

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ 138,758	\$ (50,231)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	15,559	11,087
Realized and unrealized gain on investments	(123,373)	(1,001,324)
(Increase) decrease in assets:		
Grants receivable	(468,000)	(42,000)
Other receivable	1,050	614
Prepaid expenses and deposits	18,199	(24,749)
Increase (decrease) in liabilities:		
Accounts payable	(26,510)	6,984
Grants payable	(15,500)	(219,400)
Accrued payroll liabilities	(31,909)	52,736
Deferred rent	(2,286)	5,714
<b>Net cash used by operating activities</b>	<b>(494,012)</b>	<b>(1,260,569)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	3,079,916	2,848,687
Purchases of investments	(2,276,136)	(1,514,073)
Purchases of certificates of deposit	(400,000)	-
Purchases of furniture and equipment	(13,763)	(17,802)
<b>Net cash provided by investing activities</b>	<b>390,017</b>	<b>1,316,812</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(103,995)</b>	<b>56,243</b>
Cash and cash equivalents, beginning of year	550,681	494,438
<b>Cash and cash equivalents, end of year</b>	<b>\$ 446,686</b>	<b>\$ 550,681</b>

*The accompanying notes are an integral part of the financial statements.*

# NATIVE ARTS AND CULTURES FOUNDATION, INC.

## Notes to Financial Statements - Continued

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### 1. Nature of Organization and Summary of Significant Accounting Policies

**Nature of Organization** - The Native Arts and Cultures Foundation, Inc. (the Foundation) was established to promote the revitalization, appreciation, and perpetuation of Native arts and cultures in all sectors of society through philanthropy and partnership, ensuring a path that benefits present and future generations of indigenous peoples in America. The Foundation is a unique national philanthropic foundation dedicated exclusively to Native arts and cultures. Through grant making, partnerships, and convening, the Foundation will focus on strengthening the Native arts and cultures field, indigenous artists, and communities.

#### Summary of Significant Accounting Policies

**Basis of Presentation** - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted* - Resources over which the Board of Directors has discretionary control and are not subject to donor imposed restrictions. Designated amounts represent those revenues the Board has set aside for a particular purpose.
- *Temporarily restricted* - Those resources subject to donor imposed restrictions that will be satisfied by actions of the Foundation or passage of time.
- *Permanently restricted* - Those resources subject to a donor imposed restriction that they be maintained permanently by the Foundation. The donors of these resources permitted the Foundation to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

**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 and expenses during the reporting period. Actual results could differ from those estimates.

Estimates are used in the financial statements for, among other things, the determination of any allowance for uncollectible receivables, the useful lives of furniture and equipment for calculating depreciation expense, and the valuation of investments classified as Level 3.

**Cash and Cash Equivalents** - The Foundation considers money market funds, financial instruments, and certificates of deposit with an original maturity date of 90 days or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts, which at times may exceed Federally insured limits.

**Certificates of Deposit** - Certificates of deposit are valued at cost plus accumulated interest, which approximates fair value.

## NATIVE ARTS AND CULTURES FOUNDATION, INC.

### Notes to Financial Statements - Continued

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#### 1. Nature of Organization and Summary of Significant Accounting Policies - Continued Summary of Significant Accounting Policies - Continued

**Furniture and Equipment** - Furniture and equipment are recorded at cost, if purchased, and at fair value, if donated. The Foundation depreciates furniture and equipment over estimated useful lives ranging from three to seven years using the straight-line method of depreciation.

**Investments** - Investments consist of mutual funds, annuities, and a hedge fund, which are carried at fair value. Donor-restricted endowment funds are classified as long-term investments in the statements of financial position.

**Revenue Recognition** - Contributions, including unconditional promises to give, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in the temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Unconditional promises to give (pledges) are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met.

**Income Taxes** - The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Foundation is not classified as a private foundation.

Accounting principles generally accepted in the United States of America prescribe a recognition threshold and measurement process for accounting for uncertain tax positions and provide guidance on various related matters such as interest, penalties, and required disclosures. Management does not believe the Foundation has any uncertain tax positions. The Foundation files informational returns. Generally, these returns are subject to examination by income tax authorities for three years from the filing of a return. As such, the returns for the years ended December 31, 2011, 2012 and 2013, are currently subject to examination. There are currently no tax examinations in progress for any periods. The Foundation has not paid any interest or penalties related to its income tax positions. Interest or penalties assessed by taxing authorities, if any, would be included with management and general expenses.

**Functional Allocation of Expenses** - Salaries and related expenses are allocated based on estimates of time spent on programs. Other expenses, not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

**Reclassifications** - Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 presentation.

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Notes to Financial Statements - Continued**

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**2. Concentrations**

Two grantors accounted for approximately 71 percent and 83 percent of total grant revenues during the years ended December 31, 2014 and 2013, respectively.

**3. Grants Receivable**

The Foundation had unconditional promises to give representing the following at December 31:

	<b>2014</b>	<b>2013</b>
Ford Foundation	\$ 300,000	\$ -
Meyer Memorial Trust	210,000	-
M.J. Murdock Charitable Trust	-	42,000
	<u>\$ 510,000</u>	<u>\$ 42,000</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 440,000	\$ 42,000
One to five years	70,000	-
	<u>\$ 510,000</u>	<u>\$ 42,000</u>

Management has elected not to calculate any discount to present value on grants receivable due beyond one year as such amount would not be significant.

**4. Investment Return**

Investment return consists of the following:

	<b>2014</b>	<b>2013</b>
Interest and dividends	\$ 235,119	\$ 195,708
Net realized and unrealized gain	123,373	1,001,324
Investment management fees	(48,707)	(51,016)
	<u>\$ 309,785</u>	<u>\$ 1,146,016</u>

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Notes to Financial Statements - Continued**

**5. Fair Value Measurements**

The classification of assets and liabilities within the fair value hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The three levels of the fair value hierarchy and the valuation methodologies used for assets are described below:

*Level 1* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Foundation has the ability to access.

*Level 2* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* Fair value is based on significant unobservable inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis at December 31:

<b>2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
Domestic equity	\$ 1,700,145	\$ -	\$ -	\$ 1,700,145
International equity	1,720,670	-	-	1,720,670
Fixed income	4,480,495	-	-	4,480,495
Money market	3,848	-	-	3,848
Annuities	-	906,373	-	906,373
Hedge fund	-	-	649,957	649,957
	<u>\$ 7,905,158</u>	<u>\$ 906,373</u>	<u>\$ 649,957</u>	<u>\$ 9,461,488</u>

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Notes to Financial Statements - Continued**

**5. Fair Value Measurements - Continued**

<b>2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
Domestic equity	\$ 2,983,338	\$ -	\$ -	\$ 2,983,338
International equity	2,757,234	-	-	2,757,234
Fixed income	2,279,183	-	-	2,279,183
Money market	3,939	-	-	3,939
Annuities	-	1,058,139	-	1,058,139
Hedge fund	-	-	1,060,062	1,060,062
	<u>\$ 8,023,694</u>	<u>\$ 1,058,139</u>	<u>\$ 1,060,062</u>	<u>\$ 10,141,895</u>

Following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual funds:* Valued at the net asset value of shares held by the Foundation at year end, and are classified as Level 1.

*Annuities:* Recorded at fair value provided primarily by the insurance companies based on pricing models that incorporate available trade, bid and other market information.

*Hedge fund:* Valued at net asset value of shares held by the Foundation at year end. The underlying investments of the hedge fund are measured by management of the hedge fund using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs. As such, this asset is classified as Level 3.

A summary of the fair value measurements using unobservable inputs (Level 3) are as follows for the years ended December 31:

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 1,060,062	\$ 1,514,113
Realized and unrealized gains	52,653	121,281
Redemptions	(450,000)	(550,000)
Fees paid	(12,758)	(25,332)
Balance, end of year	<u>\$ 649,957</u>	<u>\$ 1,060,062</u>

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Notes to Financial Statements - Continued**

**6. Lease Commitments**

The Foundation leases its office facilities under a long-term, non-cancelable operating lease agreement which expires February 2018, and includes an option for the Foundation to terminate the lease in February 2016, for \$31,226. The lease provides for increases in future minimum annual rental payments. The Foundation records rent expense using the straight-line method over the life of the lease. Accordingly, a deferred rent liability of \$7,238 and \$9,524 has been recorded at December 31, 2014 and 2013, respectively.

Total rent expense was \$46,914 and \$45,714 for 2014 and 2013, respectively.

The following is a schedule by year of future minimum rental payments required by the operating lease agreements:

<b>Years Ending December 31,</b>	<b>Amount</b>
2015	\$ 50,670
2016	52,186
2017	53,740
2018	9,000
	<u>9,000</u>
	<u><u>\$ 165,596</u></u>

**7. Grant Commitments**

At December 31, 2014, the Foundation had committed \$141,000 for the funding of several Community Inspiration Program projects to be granted through 2015. Because the Foundation's future underwriting of these projects is dependent upon certain conditions, no expense has been recorded for any amounts beyond the amounts that have been authorized and awarded as of December 31, 2014, by the Board of Directors.

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following:

	<b>2014</b>	<b>2013</b>
Time restriction	\$ 510,000	\$ -
Purpose restriction	676,667	198,626
Unappropriated endowment earnings	1,218,452	1,052,483
	<u>1,218,452</u>	<u>1,052,483</u>
	<u><u>\$ 2,405,119</u></u>	<u><u>\$ 1,251,109</u></u>

Net assets of \$351,959 and \$72,374 were released from donor restrictions by incurring expenses satisfying restricted purposes for 2014 and 2013, respectively.

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Notes to Financial Statements - Continued**

**9. Endowment and Permanently Restricted Net Assets**

Net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Foundation has interpreted the state's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Donor-restricted endowment funds are pooled with overall investments of the Foundation and are subject to the investment policies of the Foundation with an overall goal of long-term capital appreciation with preservation of capital. The strategy of the Foundation is to maintain a balanced, diversified portfolio with specific asset allocation targets. To manage risk, the investment policy also limits the types of investments the Foundation can hold.

The Foundation has adopted a spending policy, which allows management to appropriate 5 percent of the average market value of the endowment investments as of year end for the previous three years.

In January 2013, a donor released all restrictions associated with a \$5 million permanently restricted contribution made in 2008. As such, the contribution was reclassified from the Foundation's permanently restricted endowment to its unrestricted net asset class.

Endowment net asset composition by type of fund is as follows as of December 31:

<b>2014</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 1,218,452</u>	<u>\$ 4,000,000</u>	<u>\$ 5,218,452</u>
<b>2013</b>				
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 1,052,483</u>	<u>\$ 4,000,000</u>	<u>\$ 5,052,483</u>

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Notes to Financial Statements - Continued**

**9. Endowment and Permanently Restricted Net Assets - Continued**

Changes in endowment net assets for the years ended December 31, 2014 and 2013, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2012	\$ 1,165,727	\$ 579,190	\$ 9,000,000	\$ 10,744,917
Investment return:				
Realized income	-	191,895	-	191,895
Unrealized gain	-	281,398	-	281,398
	<u>-</u>	<u>281,398</u>	<u>-</u>	<u>281,398</u>
Net investment gain	-	473,293	-	473,293
Release from Board designation	(1,165,727)	-	-	(1,165,727)
Redirected by donor	-	-	(5,000,000)	(5,000,000)
	<u>-</u>	<u>-</u>	<u>(5,000,000)</u>	<u>(5,000,000)</u>
Endowment net assets, December 31, 2013	-	1,052,483	4,000,000	5,052,483
Investment return:				
Realized income	-	651,229	-	651,229
Unrealized loss	-	(485,260)	-	(485,260)
	<u>-</u>	<u>(485,260)</u>	<u>-</u>	<u>(485,260)</u>
Net investment gain	-	165,969	-	165,969
	<u>-</u>	<u>165,969</u>	<u>-</u>	<u>165,969</u>
Endowment net assets, December 31, 2014	<u>\$ -</u>	<u>\$ 1,218,452</u>	<u>\$ 4,000,000</u>	<u>\$ 5,218,452</u>

**10. Subsequent Events**

Management has evaluated subsequent events through March 30, 2015, the date the financial statements were available for issue.

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**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Supplementary Financial Information**

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## **Independent Auditors' Report on Supplementary Financial Information**

The Board of Directors  
Native Arts and Cultures Foundation, Inc.

We have audited the financial statements of the Native Arts and Cultures Foundation, Inc. as of and for the years ended December 31, 2014 and 2013, and our report thereon dated March 30, 2015, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary financial information 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 audits 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.

*Hoffman, Stewart & Schmidt, P.C.*

March 30, 2015

**NATIVE ARTS AND CULTURES FOUNDATION, INC.**

**Schedules of Expenses**

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>
Grantmaking programs	\$ 176,765	\$ 271,601
Salaries and wages	627,389	623,659
Payroll taxes and benefits	100,231	98,075
Office and operations	165,726	156,407
Professional contracts	80,351	96,545
Communications and external relations	270,976	116,111
Travel	122,828	113,891
Equipment	5,050	3,328
Depreciation	15,559	11,087
<b>Total expenses</b>	<b><u>\$ 1,564,875</u></b>	<b><u>\$ 1,490,704</u></b>