

AMERICAN INDIAN FAMILY CENTER
AUDITED FINANCIAL STATEMENTS
and
Schedule of Expenditures of Federal Awards
June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Indian Family Center
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of American Indian Family Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian Family Center as of June 30, 2015, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2016, on our consideration of American Indian Family Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Indian Family Center's internal control over financial reporting and compliance.

Harrington Langer & Associates

February 6, 2016

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FINANCIAL POSITION
June 30, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$112,490
Certificate of deposit	6,482
Grants and accounts receivable	230,473
Prepaid expenses	<u>54,408</u>

TOTAL CURRENT ASSETS	403,853
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PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$223,095	<u>297,207</u>
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TOTAL ASSETS	<u><u>\$701,060</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 25,589
Accrued expenses	31,154
Note payable - current portion	<u>32,914</u>

TOTAL CURRENT LIABILITIES	89,657
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NOTE PAYABLE, net of current portion	<u>4,549</u>
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TOTAL LIABILITIES	<u>94,206</u>
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NET ASSETS

Unrestricted	
Undesignated	600,372
Board designated - scholarships	<u>6,482</u>

TOTAL NET ASSETS	<u>606,854</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$701,060</u></u>
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AMERICAN INDIAN FAMILY CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

SUPPORT AND REVENUE

Contributions	\$ 76,156
Grants and contracts	1,283,492
Other revenue	<u>40,392</u>

TOTAL SUPPORT AND
REVENUE

1,400,040

EXPENSES

Program services:

Therapeutic and family services	621,385
Employment and education services	<u>474,729</u>
Total program services	1,096,114
Management and general	99,122
Fundraising	<u>15,120</u>

TOTAL EXPENSES

1,210,356

CHANGE IN NET ASSETS

189,684

NET ASSETS, BEGINNING

417,170

NET ASSETS, ENDING

\$ 606,854

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 189,684
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,954
(Increase) decrease in:	
Grants and accounts receivable	107,922
Prepaid expenses	(32,731)
Increase (decrease) in:	
Accounts payable	(7,351)
Accrued expenses	(20,778)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>254,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(36,500.0)
NET CASH USED IN INVESTING ACTIVITIES	<u>(36,500.0)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in line of credit, net	(78,000)
Payments on note payable	(31,625)
NET CASH USED IN FINANCING ACTIVITIES	<u>(109,625)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	108,575
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3,915</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 112,490</u></u>

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Therapeutic and Family Services	Employment and Education Services	Total Programs	Management and General	Fundraising	Total
Salaries and benefits	\$ 378,430	\$ 295,117	\$ 673,547	\$ 20,371	\$ 8,730	\$ 702,648
Payroll taxes	34,223	25,458	59,681	2,070	888	62,639
TOTAL PERSONNEL EXPENSES	412,653	320,575	733,228	22,441	9,618	765,287
Contract services	44,224	46,173	90,397	7,665	5,109	103,171
Occupancy	44,189	14,054	58,243	1,759	-	60,002
Office supplies	11,375	9,403	20,778	3,539	393	24,710
Accounting services	21,983	15,822	37,805	17,015	-	54,820
Insurance	8,207	6,640	14,847	2,666	-	17,513
Bank fees	-	-	-	1,747	-	1,747
Interest expense	-	-	-	3,246	-	3,246
IT services	15,765	12,649	28,414	4,910	-	33,324
Mileage and travel	1,738	2,905	4,643	386	-	5,029
Professional development	12,119	1,331	13,450	334	-	13,784
Client services:						
Childcare	9,647	6,126	15,773	270	-	16,043
Client transportation	7,972	21,672	29,644	-	-	29,644
Program supplies	18,416	1,704	20,120	12,737	-	32,857
Client food support	12,897	1,918	14,815	1,425	-	16,240
Housing support	-	8,393	8,393	-	-	8,393
Client incentives	200	2,018	2,218	1,028	-	3,246
Work support	-	3,346	3,346	-	-	3,346
Depreciation	-	-	-	17,954	-	17,954
TOTAL EXPENSES	<u>\$ 621,385</u>	<u>\$ 474,729</u>	<u>\$ 1,096,114</u>	<u>\$ 99,122</u>	<u>\$ 15,120</u>	<u>\$ 1,210,356</u>

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The mission of the American Indian Family Center (AIFC or the Center) is to provide American Indian families with programs and services enriched by traditional American Indian culture and values. The services provided by AIFC are Therapeutic and Family Services and Employment and Education Services.

Therapeutic and Family Services:

The **Therapeutic Services** is comprised of two primary programs. The **Healing Generations Program** is designed to provide the American Indian community with mental health services that integrates both traditional and western concepts of healing, viewing each client holistically and to reduce the stigma attached to mental health care by providing therapy, family support and care coordination, and community awareness and education. The Healing Generation activities include testing and assessments, individual, family and couples counseling, community education workshops, and a partnership with the American Indian Magnet School to deliver therapy to American Indian youth.

The **Wakanyeja Kin Wakan Pi (Our Children are Sacred) Program** (OCSP) is designed to support families affected by Fetal Alcohol Spectrum Disorders by focusing efforts to reduce the number of new alcohol and drug affected births; improve parenting knowledge and skills; increase use of formal and informal support networks available to them; create a community driven strategy which reflects the needs, assets and culture of our community.

The **Eliminating Health Disparities Initiative** (EHDI) program has been providing services and support since 2000. The EHDI program is designed to address the high incidence of infant mortality in the American Indian community by providing outreach, risk assessment and care coordination, and health education. This program works in conjunction with the Wakanyeja KinWakan Pi (Our Children are Sacred) Program to address at risk behaviors that impact healthy birth outcomes. EHDI activities include Mother's Circle, prenatal and childbirth education classes, parenting classes, community baby showers, and newborn visits.

The **Medicine Wheel Collaborative** (MWC) is designed to prevent child abuse and neglect and to help families have strong relationships and connections in the community. This is a formal collaborative with Ain Dah Yung and the St Paul Public Schools Indian Education program. The MWC activities continue to include parenting education, group and cultural support, developing family goals and action plans, and referrals for more specialized needs.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Therapeutic and Family Services: (continued)

The **Wounspe Wawokiya (Lakota for Service Learning) Youth Program** is designed to strengthen the self-confidence of American Indian youth by utilizing their natural learning styles and inherent cultural knowledge.

The **Ombi' Ayaa Anishinabe Ininiwug (Rise Up Original Man) Program (OAAIP)** in conjunction with the East Metro Diabetes Collaborative is designed to engage American Indian men and fathers as leaders in their family and community to prevent and address diabetes. The program provides culturally specific support and education to American Indian families in Ramsey County. The OAAIP activities include a weekly education and support group, monthly cultural teachings, and access to traditionally supportive activities. Additional activities include the formation of a men's softball team, drum and singing, and the St. Paul Bicycle Program. In addition, a core group of men have made themselves available as volunteers for numerous community events. Their presence at these events is an ever growing appreciation for their support.

Employment and Education Services:

The *Employment and Education Services* is comprised of two programs. The **Anukey Employment Program (AEP)** is designed to reduce the high sanction rate of American Indian families receiving MFIP services. The AEP is part of a larger collaborative called the Anukey Partnership and includes Ramsey County Financial Services and Workforce Solutions. The AEP provides culturally specific employment counseling and supportive services to assist American Indian families receiving MFIP benefits in achieving economic self-sufficiency.

The AEP activities include one-on-one employment counseling, job readiness and skill development, a culturally supportive job club, and retention support services.

The **YouthLEAD Project** is designed to assist youth ages 16-22 with building skills to improve their abilities to become self-sufficient. The YouthLEAD project was launched in March 2011 under a collaborative effort with Hmong American Partnership.

The Ramsey County Teen Outreach Program (TOP) is a life skills and service learning program for youth in select Saint Paul middle and high schools. Developmental topics covered include Team Building and Self Esteem.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Under ASC 958, net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets are those resources over which the Board of Directors has discretionary control.

Temporarily restricted net assets are those resources subject to donor imposed restrictions which will be satisfied by actions of the Center or passage of time. Temporary restrictions that are satisfied in the same year as the resources are received are classified as unrestricted net assets.

Permanently restricted net assets are those resources subject to a donor imposed restriction to be maintained permanently by the Center.

Contributions:

Contributions received which include donated goods, equipment, and facilities and unconditional promises to give are measured at their fair market value at the date of donation and are reported as an increase in net assets. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Center reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Grants and Contracts:

Grants and contract funds are recorded as revenue when earned as an exchange transaction. For reimbursement grants, revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Center will record such disallowance at the time the assessment is made. For fee for service contracts, revenue is earned when the service is performed. 25%, 22% and 36% of total revenue was obtained through grants and contracts with Ramsey County, Fond du Lac Band of Lake Superior Chippewa and the State of Minnesota, respectively.

Contributed Services:

The Center records donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of contributed services is determined based on the fair value of the services received or in the increase in the fair value of the assets that are attributable to the donated services. During the year ended June 30, 2015, the Center did not record donated services.

Expenses:

Expenses are recorded when incurred with the accrual basis of accounting.

Allowance for Doubtful Accounts:

At June 30, 2015, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Cash and Cash Equivalents:

For the purpose of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Center maintains cash balances at a financial institution. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts up to \$250,000. As of June 30, 2015, cash balances at financial institutions are fully insured by the FDIC.

Certificate of Deposit:

Certificate of deposit is carried at original cost plus accrued interest.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Property and Equipment:

Property and equipment purchased at \$1,000 or more are recorded at cost and depreciated over the estimated useful lives of the assets. Property and equipment acquired by donation, if material, are stated at their fair market value at the time of the donation. Depreciation is computed on a straight-line basis with estimated useful lives of three to thirty-nine (39) years. Replacements, maintenance, and repairs, which do not improve or extend the lives of the assets, are expensed as incurred.

Functional Allocation of Expenses:

The costs of services provided and expenses are allocated among the programs and supporting services benefited based on usage or full-time equivalent employees.

Income Taxes:

The Center operates as a charitable organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota statutes. Federal and State tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

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 disclosures 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.

Subsequent Events:

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through February 6, 2016, the date the financial statements were available to be issued.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 2. PROPERTY AND EQUIPMENT

The Center's property and equipment consisted of the following at June 30, 2015:

Land	\$	15,000
Buildings and improvements		453,366
Furniture and equipment		51,936
		<u>520,302</u>
Less: accumulated depreciation		223,095
	\$	<u><u>297,207</u></u>

NOTE 3. LINE OF CREDIT

As of June 30, 2015 the Organization has a \$100,000 line of credit with a bank expiring September 22, 2016. Advances on the line of credit are subject to interest at the prime rate plus 1%, with a floor of 5.5% (5.5% effective rate at June 30, 2015). This line of credit is secured by the real estate of the Center. There were no amounts outstanding at June 30, 2015.

NOTE 5. NOTE PAYABLE

The Organization has entered into a loan agreement dated July 1, 2012 with the Port Authority of the City of Saint Paul for facility improvements at its main office building. The agreement provides for a loan up to \$153,000 payable in monthly principal and interest payments of \$2,818 at a fixed rate of four percent maturing September 1, 2017. \$37,463 is outstanding under this agreement at June 30, 2015.

At June 30, 2015, estimated future minimum payments on this note are as follows:

2016	\$	32,914
2017		4,549
	\$	<u><u>37,463</u></u>

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors
American Indian Family Center
St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of American Indian Family Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Indian Family Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Indian Family Center's internal control. Accordingly, we do not express an opinion on the effectiveness of American Indian Family Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Indian Family Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Langer & Associates

February 6, 2016

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Directors
American Indian Family Center
St. Paul, Minnesota

Report on Compliance for Each Major Federal Program

We have audited American Indian Family Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of American Indian Family Center's major federal programs for the year ended June 30, 2015. American Indian Family Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of American Indian Family Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about American Indian Family Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of American Indian Family Center's compliance.

Opinion on Each Major Federal Program

In our opinion, American Indian Family Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of American Indian Family Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered American Indian Family Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of American Indian Family Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harrison Langer & Associates

February 6, 2016

AMERICAN INDIAN FAMILY CENTER
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial
Statements noted ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Modified

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A133? ☐ yes ☒ no

Major program(s):

CFDA Number(s):

93.558

93.958

Name of Federal Program or Cluster:

Temporary Assistance for Needy Families

Block Grants for Community Mental Health
Services

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

AMERICAN INDIAN FAMILY CENTER
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II—Findings-Financial Statement Audit

None.

Section III—Findings and Questioned Costs-Major Federal Award Programs Audit

None.

Section IV—Prior Year Findings and Questioned Costs

Finding: 2014-1

Status: Corrected.

Finding: 2014-2

Status: Corrected.

AMERICAN INDIAN FAMILY CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Agency / Program	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Block Grants for Prevention and Treatment of Substance Abuse			
Pass-through programs from:			
State of Minnesota	93.959	37081	\$ 96,909
Block Grants for Community Mental Health Services			
Pass-through programs from:			
State of Minnesota	93.958	63882	143,768
Trauma Care Systems Planning and Development			
Pass-through programs from:			
State of Minnesota	93.953	13335/442853	151,113
Temporary Assistance for Needy Families			
Pass-through programs from:			
Ramsey County	93.558	G201508	<u>303,832</u>
Total U. S. Department of Health and Human Services			<u>695,622</u>
Total expenditures of federal awards			<u><u>\$ 695,622</u></u>

AMERICAN INDIAN FAMILY CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of American Indian Family Center under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of American Indian Family Center it is not intended to and does not present the financial position, changes in net assets, or cash flows of American Indian Family Center.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

AMERICAN INDIAN FAMILY CENTER
MANAGEMENT LETTER

June 30, 2015

Mark D. Harrington, CPA
Wayne A. Langer, CPA
Nichole Fairbanks, CPA
Jesse Fraley, CPA



Gregory W. Heck, CPA, CVA
Greg L. Emmerich, CPA
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MANAGEMENT LETTER

To The Management and Board of Directors
American Indian Family Center
St. Paul, Minnesota

In planning and performing our audit of the financial statements of American Indian Family Center as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered American Indian Family Center's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We appreciate the opportunity to provide services to the Organization and hope you find the information included in this correspondence useful and informative. If you have any questions or wish to discuss any of the items further, please let us know.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads 'Harrington Langer & Associates'.

February 6, 2016

Those Charged with Governance Communications

We have audited the financial statements of American Indian Family Center for the year ended June 30, 2015, and have issued our report thereon dated February 6, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following related to our audit.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant sensitive estimates affecting the financial statements for the year ended June 30, 2015.

The financial statement disclosures are neutral, consistent, and clear.

We encountered no significant difficulties in dealing with management in performing and completing the audit.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any known or likely misstatements.

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

We have requested certain representations from management that are Included in the management representation letter.

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.