

American Indian Family Center

St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2019 and 2018



CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited the accompanying financial statements of American Indian Family Center, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expense, 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 audits 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, 2019 and 2018, 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.

Carpenter, Evert & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
May 20, 2020

EXHIBIT A

AMERICAN INDIAN FAMILY CENTER
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | | | 2018 | | |
|--|----------------------------|-------------------------|------------|----------------------------|-------------------------|------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue: | | | | | | |
| Contributions | \$ 364,464 | \$ 260,681 | \$ 625,145 | \$ 209,553 | \$ 164,150 | \$ 373,703 |
| Government Grants and Contracts | 1,578,459 | - | 1,578,459 | 1,596,020 | - | 1,596,020 |
| Other Revenue | 13,633 | - | 13,633 | 21,253 | - | 21,253 |
| Net Assets Released from Restrictions: | | | | | | |
| Satisfaction of Program Restrictions | 179,411 | (179,411) | - | 105,502 | (105,502) | - |
| Total Support and Revenue | 2,135,967 | 81,270 | 2,217,237 | 1,932,328 | 58,648 | 1,990,976 |
| Expense: | | | | | | |
| Program Services: | | | | | | |
| Family and Youth Services | 447,829 | - | 447,829 | 450,539 | - | 450,539 |
| Behavioral Health Services | 1,017,343 | - | 1,017,343 | 835,245 | - | 835,245 |
| Community Development Services | 445,217 | - | 445,217 | 334,714 | - | 334,714 |
| Total Program Services | 1,910,389 | - | 1,910,389 | 1,620,498 | - | 1,620,498 |
| Support Services: | | | | | | |
| Management and General Fundraising | 90,811 | - | 90,811 | 93,342 | - | 93,342 |
| | 123,892 | - | 123,892 | 171,720 | - | 171,720 |
| Total Support Services | 214,703 | - | 214,703 | 265,062 | - | 265,062 |
| Total Expense | 2,125,092 | - | 2,125,092 | 1,885,560 | - | 1,885,560 |
| Change in Net Assets | 10,875 | 81,270 | 92,145 | 46,768 | 58,648 | 105,416 |
| Net Assets - Beginning of Year | 696,043 | 89,497 | 785,540 | 649,275 | 30,849 | 680,124 |
| Net Assets - End of Year | \$ 706,918 | \$ 170,767 | \$ 877,685 | \$ 696,043 | \$ 89,497 | \$ 785,540 |

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT B

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

| | 2019 | | | | | | 2018 | |
|--------------------------|---------------------------|----------------------------|--------------------------------|------------------------|----------------------|--------------|------------------------|--------------|
| | Program Services | | | Support Services | | | Total | Total |
| | Family and Youth Services | Behavioral Health Services | Community Development Services | Total Program Services | Management & General | Fund-raising | Total Support Services | All Services |
| Total Personnel Costs | \$ 280,486 | \$ 608,506 | \$ 266,871 | \$ 1,155,863 | \$ 27,939 | \$ 101,644 | \$ 129,583 | \$ 1,227,082 |
| Professional Fees | 42,151 | 178,571 | 19,143 | 239,865 | 24,239 | 10,583 | 34,822 | 284,791 |
| Client Services: | | | | | | | | |
| Program Supplies | 52,153 | 7,747 | 30,533 | 90,433 | - | - | - | 90,433 |
| Housing Support | - | - | 71,538 | 71,538 | - | - | - | 71,538 |
| Food Support | 19,511 | 8,869 | 1,860 | 30,240 | - | - | - | 30,240 |
| Transportation | 6,285 | 3,797 | 11,906 | 21,988 | - | - | - | 21,988 |
| Incentives | 7,896 | 482 | 6,768 | 15,146 | - | - | - | 15,146 |
| Childcare | 2,553 | 5,602 | 5,726 | 13,881 | - | - | - | 13,881 |
| Work Support | - | - | 7,836 | 7,836 | - | - | - | 7,836 |
| Bad Debt Expense | - | 147,805 | - | 147,805 | - | - | - | 147,805 |
| Office Expenses | 7,732 | 12,883 | 7,437 | 28,052 | 7,889 | 6,273 | 14,162 | 42,214 |
| Occupancy | 7,552 | 16,290 | 8,223 | 32,065 | 6,365 | 3,262 | 9,627 | 41,692 |
| Professional Development | 13,658 | 13,312 | 2,114 | 29,084 | 263 | 575 | 838 | 29,922 |
| Insurance | 4,701 | 7,771 | 4,449 | 16,921 | 2,560 | 1,516 | 4,076 | 20,997 |
| Mileage and Travel | 3,151 | 5,708 | 813 | 9,672 | 504 | 39 | 543 | 10,215 |
| Bank Fees and Interest | - | - | - | - | 1,000 | - | 1,000 | 1,000 |
| Depreciation | - | - | - | - | 20,052 | - | 20,052 | 20,052 |
| Total Expense | \$ 447,829 | \$ 1,017,343 | \$ 445,217 | \$ 1,910,389 | \$ 90,811 | \$ 123,892 | \$ 214,703 | \$ 2,125,092 |
| | | | | | | | | \$ 1,885,560 |

The accompanying Notes to Financial Statements are an integral part of this statement.

EXHIBIT C

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2018

| | Program Services | | | | Support Services | | | Total All Services |
|--------------------------|---------------------------------|----------------------------------|--------------------------------------|------------------------------|-------------------------|------------------|------------------------------|--------------------------|
| | Family and Youth Services | Behavioral Health Services | Community Development Services | Total Program Services | Management & General | Fund- raising | Total Support Services | |
| Total Personnel Costs | \$ 282,996 | \$ 552,938 | \$ 216,628 | \$ 1,052,562 | \$ 29,813 | \$ 144,707 | \$ 174,520 | \$ 1,227,082 |
| Professional Fees | 49,421 | 181,350 | 16,279 | 247,050 | 22,531 | 15,210 | 37,741 | 284,791 |
| Client Services: | | | | | | | | |
| Program Supplies | 46,401 | 10,409 | 15,229 | 72,039 | - | - | - | 72,039 |
| Housing Support | - | - | 27,021 | 27,021 | - | - | - | 27,021 |
| Food Support | 19,056 | 6,499 | 4,060 | 29,615 | - | - | - | 29,615 |
| Transportation | 4,394 | 2,998 | 20,987 | 28,379 | - | - | - | 28,379 |
| Incentives | 13,069 | 290 | 7,491 | 20,850 | - | - | - | 20,850 |
| Childcare | 2,025 | 6,354 | 6,525 | 14,904 | - | - | - | 14,904 |
| Work Support | - | - | 2,628 | 2,628 | - | - | - | 2,628 |
| Bad Debt Expense | - | 40,000 | - | 40,000 | - | - | - | 40,000 |
| Office Expenses | 6,944 | 13,445 | 5,257 | 25,646 | 6,520 | 4,588 | 11,108 | 36,754 |
| Occupancy | 13,196 | 5,071 | 5,427 | 23,694 | 7,408 | 3,368 | 10,776 | 34,470 |
| Professional Development | 4,015 | 6,462 | 1,024 | 11,501 | 2,500 | 630 | 3,130 | 14,631 |
| Insurance | 7,461 | 7,544 | 4,399 | 19,404 | 3,775 | 2,724 | 6,499 | 25,903 |
| Mileage and Travel | 1,561 | 1,885 | 1,759 | 5,205 | 394 | 493 | 887 | 6,092 |
| Bank Fees and Interest | - | - | - | - | 1,458 | - | 1,458 | 1,458 |
| Depreciation | - | - | - | - | 18,943 | - | 18,943 | 18,943 |
| Total Expense | \$ 450,539 | \$ 835,245 | \$ 334,714 | \$ 1,620,498 | \$ 93,342 | \$ 171,720 | \$ 265,062 | \$ 1,885,560 |

The accompanying Notes to Financial Statements
are an integral part of this statement.

AMERICAN INDIAN FAMILY CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

| <u>ASSETS</u> | <u>2019</u> | <u>2018</u> |
|---------------------------------------|-------------------------|-----------------------|
| Current Assets: | | |
| Cash | \$ 250,025 | \$ 192,357 |
| Grants and Contracts Receivable - Net | 458,054 | 350,255 |
| Prepaid Expense | 80,426 | 87,915 |
| Total Current Assets | <u>788,505</u> | <u>630,527</u> |
| Property and Equipment - Net | <u>265,770</u> | <u>272,735</u> |
| TOTAL ASSETS | <u>\$ 1,054,275</u> | <u>\$ 903,262</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 59,351 | \$ 31,478 |
| Accrued Salaries and Vacation | 76,063 | 69,904 |
| Other Accrued Expenses | 23,100 | 16,090 |
| Refundable Advance | 18,076 | 250 |
| Total Current Liabilities | <u>176,590</u> | <u>117,722</u> |
| Net Assets: | | |
| Without Donor Restrictions | | |
| Undesignated | 700,436 | 689,561 |
| Board Designated-Scholarships | 6,482 | 6,482 |
| Total Without Donor Restrictions | <u>706,918</u> | <u>696,043</u> |
| With Donor Restrictions | <u>170,767</u> | <u>89,497</u> |
| Total Net Assets | <u>877,685</u> | <u>785,540</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,054,275</u> | <u>\$ 903,262</u> |

The accompanying Notes to Financial Statements
are an integral part of these statements.

AMERICAN INDIAN FAMILY CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018

| <u>Increase (Decrease) in Cash</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets | \$ 92,145 | \$ 105,416 |
| Total Adjustments | <u>(21,390)</u> | <u>(143,963)</u> |
| Net Cash Provided (Used) by Operating Activities | 70,755 | (38,547) |
| Cash Flows from Investing Activities: | | |
| Purchase of Property and Equipment | <u>(13,087)</u> | - |
| Net Cash (Used) by Investing Activities | (13,087) | - |
| Cash Flows from Financing Activities: | | |
| None | <u>-</u> | <u>-</u> |
| Net Increase (Decrease) in Cash | 57,668 | (38,547) |
| Cash-Beginning of Year | <u>192,357</u> | <u>230,904</u> |
| Cash -End of Year | <u>\$ 250,025</u> | <u>\$ 192,357</u> |

The accompanying Notes to Financial Statements
are an integral part of these statements.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies

Organizational Purpose

The mission of the American Indian Family Center (AIFC) is to provide American Indian families with programs and services enriched by traditional American Indian culture and values. The programs provided are as follows:

Family & Youth Services: Provides holistic services that promote traditional lifestyles including parenting, peer-mentoring, leadership development, health and wellbeing for all generations.

Programs include:

Bimaadiziwin Mikana (The Path of Life): Parent Mentor Program
Ombi'ayaa Anishinabe-Ininiwug (Rise up Original Men): Men and Fathers' Health Program
Waaban Ogimaawag (Tomorrow's Leaders): Native Youth Program
Wakanyeja Kin Wakan Pi (Our Children are Sacred): Women and Mothers' Health Program

Behavioral Health Services: Designed to support all generations with services that focus on behaviors and their impact on overall wellbeing. Our programs provide mental, chemical and behavioral support, case management, and resources. We use a holistic and traditional approach, incorporating healing aspects such as ceremonies and traditional practices.

Programs include:

Healing Generations: Therapy and Case Management Program
Khunsi Onikan (Grandmothers' Arms): Recover and Treatment Program
Oshki-Maajitada (New-to Begin Again): Health and Wellness Program
Dreamcatchers: Children's Trauma-informed Program
Soogizin Dodem (Strengthening Families): Families' Trauma-Informed Program

Community Development Services: The Community Development team works to promote the capacity building of individuals, youth and families. Through the skill-development, education, employment and housing services, these programs provide the community with the tools, resources and opportunities to create economic and systemic changes.

Thinica Owichakiyapi Thipi (Helping the Homeless Build): Housing Program
Zuya Wo Ohiya (Journey to Success): Employment and Education Program

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to AIFC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and purpose. A description of the groupings is as follows:

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Net Assets Without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – The part of net assets of AIFC resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and revoked by actions pursuant to those stipulations.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. AIFC has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for the periods ended June 30, 2019 and 2018, as required.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Property and Equipment

All major expenditures for property and equipment over \$1,000 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled and are reported in the Statements of Activities under the Support and Revenue Category–Net Assets Released from Restrictions.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. 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, AIFC will record such disallowance at the time the final assessment is made. AIFC provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivables. The balance of the allowance for doubtful accounts is \$15,230 and \$41,184 for the years ended June 30, 2019 and 2018, respectively.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and estimates. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated by AIFC's indirect cost allocation system.

Income Tax

AIFC has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. AIFC's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. AIFC continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, AIFC annually files a Return of Organization Exempt From Income Tax (Form 990).

Risks and Uncertainties

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Subsequent Events

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Reasonable estimates cannot be made at this time regarding the impact on operating results for the year ending June 30, 2020.

AIFC has evaluated the effect that subsequent events would have on the financial statements through May 20, 2020, which is the date financial statements were available to be issued.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. Financial Instruments

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At June 30, 2019 AIFC held funds at a financial institution in excess of federally insured limits.

Significant Concentrations of Credit Risk

AIFC provides services within the Twin Cities area. The amounts due for grants and contracts receivable are from local governments or institutions.

3. Property and Equipment

AIFC owned the following assets as of:

| | <u>June 30,</u> | | <u>Estimated Useful Lives</u> |
|-------------------------------|-------------------|-------------------|-----------------------------------|
| | <u>2019</u> | <u>2018</u> | |
| Land | \$ 15,000 | \$ 15,000 | |
| Building and Improvements | 472,361 | 472,361 | 6–39 years |
| Furniture and Equipment | <u>78,502</u> | <u>65,416</u> | 5 years |
| | 565,863 | 552,777 | |
| Less Accumulated Depreciation | <u>300,093</u> | <u>280,042</u> | |
| | <u>\$ 265,770</u> | <u>\$ 272,735</u> | |

Depreciation expense of \$20,052 and \$18,943 was recorded for the years ended June 30, 2019 and 2018, respectively.

4. Notes Payable

AIFC maintains a \$100,000, variable rate line-of-credit due on December 19, 2020 with American National Bank. The line-of-credit balance was \$-0- for both years ended June 30, 2019 and 2018, respectively.

5. Net Assets With Donor Restrictions

Temporarily restricted net assets consisted of amounts for the following as of:

| | <u>June 30,</u> | |
|-------------------------|-------------------|------------------|
| | <u>2019</u> | <u>2018</u> |
| Homelessness Prevention | \$ 127,386 | \$ - |
| Parent Mentor | 43,381 | - |
| Tomorrow's Leaders | - | 54,539 |
| Our Children are Sacred | - | 26,452 |
| Wellness | - | 7,777 |
| Other | - | 729 |
| | <u>\$ 170,767</u> | <u>\$ 89,497</u> |

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

6. Liquidity and Availability

The following represents AIFC's financial assets at June 30, 2019:

| | |
|--|-------------------|
| Financial Assets: | |
| Cash | \$ 250,025 |
| Grants and Contracts Receivable | <u>458,054</u> |
| Total Financial Assets | 708,079 |
| Less assets not available to be used for general expenditures within one year: | |
| Net Assets With Donor Restrictions | 170,767 |
| Net Assets With Restrictions to be met within a year | <u>(152,017)</u> |
| Total Assets not available to be used within one year | <u>18,750</u> |
| Financial assets available for general expenditures within one year | <u>\$ 689,329</u> |

As part of AIFC's liquidity plan, AIFC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. AIFC also maintains a \$100,000 credit line to aid in liquidity.

7. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash (Used) by Operating Activities were as follows as of:

| | <u>June 30,</u> | |
|---|--------------------|---------------------|
| | <u>2019</u> | <u>2018</u> |
| Depreciation Expense | \$ 20,052 | \$ 18,943 |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts Payable | 27,873 | (1,617) |
| Accrued Salaries and Vacation | 6,159 | 2,108 |
| Other Accrued Expenses | 7,010 | 2,009 |
| Refundable Advance | 17,826 | 250 |
| Decrease (Increase) in Current Assets: | | |
| Grants and Contracts Receivable | (107,799) | (157,699) |
| Prepaid Expense | <u>7,489</u> | <u>(7,957)</u> |
| Total Adjustments | <u>\$ (21,390)</u> | <u>\$ (143,963)</u> |