

American Indian Family Center

St. Paul, Minnesota

**Financial Statements
Auditor's Report
For the Years Ended
June 30, 2018 and 2017**



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435
952.831.0085 carpenterevert.com

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, 2018 and 2017, 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, 2018 and 2017, 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, LLP
Certified Public Accountants

Minneapolis, Minnesota
April 17, 2019

AMERICAN INDIAN FAMILY CENTER
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 209,553	\$ 164,150	\$ 373,703	\$ 82,699	\$ 74,562	\$ 157,261
Government Grants and Contracts	1,596,020	-	1,596,020	1,405,650	-	1,405,650
Other Revenue	21,253	-	21,253	8,645	-	8,645
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	105,502	(105,502)	-	154,422	(154,422)	-
Total Support and Revenue	1,932,328	58,648	1,990,976	1,651,416	(79,860)	1,571,556
Expense:						
Program Services:						
Family and Youth Services	680,742	-	680,742	860,799	-	860,799
Behavioral Health Services	939,756	-	939,756	623,882	-	623,882
Total Program Services	1,620,498	-	1,620,498	1,484,681	-	1,484,681
Support Services:						
Management and General	93,342	-	93,342	142,233	-	142,233
Fundraising	171,720	-	171,720	46,343	-	46,343
Total Support Services	265,062	-	265,062	188,576	-	188,576
Total Expense	1,885,560	-	1,885,560	1,673,257	-	1,673,257
Change in Net Assets	46,768	58,648	105,416	(21,841)	(79,860)	(101,701)
Net Assets - Beginning of Year	649,275	30,849	680,124	671,116	110,709	781,825
Net Assets - End of Year	\$ 696,043	\$ 89,497	\$ 785,540	\$ 649,275	\$ 30,849	\$ 680,124

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, 2018 WITH COMPARATIVE TOTALS FOR 2017

	2018						2017	
	Program Services			Support Services			Total All Services	Total All Services
	Family and Youth Services	Behavioral Health Services	Total Program Services	Management & General	Fund-raising	Total Support Services		
Total Personnel Costs	\$ 360,756	\$ 691,804	\$ 1,052,560	\$ 29,813	\$ 144,707	\$ 174,520	\$ 1,227,080	\$ 1,071,706
Professional Fees	62,911	184,140	247,051	22,531	15,210	37,741	284,792	244,365
Client Services:								
Program Supplies	65,210	6,830	72,040	-	-	-	72,040	66,031
Transportation	25,499	2,880	28,379	-	-	-	28,379	34,003
Food Support	23,414	6,201	29,615	-	-	-	29,615	21,478
Childcare	10,640	4,264	14,904	-	-	-	14,904	17,917
Work Support	2,628	-	2,628	-	-	-	2,628	3,302
Housing Support	27,021	-	27,021	-	-	-	27,021	720
Incentives	20,480	369	20,849	-	-	-	20,849	11,011
Bad Debt Expense	40,000	-	40,000	-	-	-	40,000	40,000
Office Expenses	12,774	12,872	25,646	6,520	4,588	11,108	36,754	44,075
Occupancy	11,964	11,730	23,694	7,408	3,368	10,776	34,470	49,052
Insurance	9,770	9,634	19,404	3,775	2,724	6,499	25,903	26,702
Professional Development	4,015	7,487	11,502	2,500	630	3,130	14,632	15,733
Mileage and Travel	3,660	1,545	5,205	394	493	887	6,092	6,590
Bank Fees and Interest	-	-	-	1,458	-	1,458	1,458	1,431
Depreciation	-	-	-	18,943	-	18,943	18,943	19,141
Total Expense	\$ 680,742	\$ 939,756	\$ 1,620,498	\$ 93,342	\$ 171,720	\$ 265,062	\$ 1,885,560	\$ 1,673,257

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

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services			Support Services			Total All Services
	Family and Youth Services	Behavioral Health Services	Total Program Services	Management & General	Fund-raising	Total Support Services	
Total Personnel Costs	\$ 549,180	\$ 446,986	\$ 996,166	\$ 35,592	\$ 39,948	\$ 75,540	\$ 1,071,706
Professional Fees	76,163	118,957	195,120	46,410	2,835	49,245	244,365
Client Services:							
Program Supplies	63,315	2,716	66,031	-	-	-	66,031
Transportation	29,105	4,898	34,003	-	-	-	34,003
Food Support	16,220	5,258	21,478	-	-	-	21,478
Childcare	12,393	5,524	17,917	-	-	-	17,917
Work Support	3,302	-	3,302	-	-	-	3,302
Housing Support	-	720	720	-	-	-	720
Incentives	10,861	150	11,011	-	-	-	11,011
Bad Debt Expense	40,000	-	40,000	-	-	-	40,000
Office Expenses	14,492	8,833	23,325	19,951	799	20,750	44,075
Occupancy	22,949	13,248	36,197	11,707	1,148	12,855	49,052
Insurance	11,224	8,292	19,516	5,706	1,480	7,186	26,702
Professional Development	6,260	7,716	13,976	1,657	100	1,757	15,733
Mileage and Travel	5,335	584	5,919	638	33	671	6,590
Bank Fees and Interest	-	-	-	1,431	-	1,431	1,431
Depreciation	-	-	-	19,141	-	19,141	19,141
Total Expense	\$ 860,799	\$ 623,882	\$ 1,484,681	\$ 142,233	\$ 46,343	\$ 188,576	\$ 1,673,257

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

AMERICAN INDIAN FAMILY CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash	\$ 192,357	\$ 230,904
Grants and Contracts Receivable - Net	350,255	192,556
Prepaid Expense	87,915	79,958
Total Current Assets	<u>630,527</u>	<u>503,418</u>
Property and Equipment - Net	<u>272,735</u>	<u>291,678</u>
TOTAL ASSETS	<u>\$ 903,262</u>	<u>\$ 795,096</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 31,478	\$ 33,095
Accrued Expenses	86,244	81,877
Total Current Liabilities	<u>117,722</u>	<u>114,972</u>
Net Assets:		
Unrestricted:		
Undesignated	689,561	642,793
Board Designated-Scholarships	6,482	6,482
Total Unrestricted	<u>696,043</u>	<u>649,275</u>
Temporarily Restricted	<u>89,497</u>	<u>30,849</u>
Total Net Assets	<u>785,540</u>	<u>680,124</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 903,262</u>	<u>\$ 795,096</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, 2018 AND 2017

<u>Increase (Decrease) in Cash</u>	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 105,416	\$ (101,701)
Total Adjustments	<u>(143,963)</u>	<u>123,713</u>
Net Cash Provided (Used) by Operating Activities	(38,547)	22,012
Cash Flows from Investing Activities:		
Proceeds from Sale of Investment	-	6,481
Purchase of Property and Equipment	<u>-</u>	<u>(8,237)</u>
Net Cash (Used) by Investing Activities	-	(1,756)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	(38,547)	20,256
Cash-Beginning of Year	<u>230,904</u>	<u>210,648</u>
Cash -End of Year	<u>\$ 192,357</u>	<u>\$ 230,904</u>

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

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 and Youth Services

Provides all generations with holistic services that promote traditional lifestyles including parenting, peer mentoring, health, skill development, education, employment and housing services. Programs include: Thinica Owichakiyapi Thipi (Helping the Homeless Build): Housing Program, Waaban Ogimaawag (Tomorrow's Leaders): Native Youth Program, Bimaadiziwin Mikana (The Path of Life): Parent Mentor Program, Wakanyeya Kin Wakan Pi (Our Children are Sacred): Women and Mothers' Health Program, Ombi'ayaa Anishinabe-Ininiwug (Rise up Original Men): Men and Fathers' Health Program, and Zuya Wo Ohiya (Journey to Success): Employment and Education 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 ceremony and traditional practices. Behavioral Health Service programs include: Healing Generations: Therapy and Case Management Program, Wakanyeya Kin Wakan Pi (Our Children are Sacred): Recovery and Wellness Program, Oshki-Maajitada (New-to Begin Again): Health and Wellness Program, The Dreamcatchers: Children's Trauma-Informed Program, and Soogizin Dodem (Strengthening Families): Families' Trauma-Informed 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:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – 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 removed by actions pursuant to those stipulations.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. Summary of Significant Accounting Policies (continued)

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 temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled and are reported in the Statement of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

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 \$41,184 and \$40,000 for the years ended June 30, 2018 and 2017, 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.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. Summary of Significant Accounting Policies (continued)

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

AIFC has evaluated the effect that subsequent events would have on the financial statements through April 17, 2019, which is the date financial statements were available to be issued.

2. Financial Instruments

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</u>
	<u>2018</u>	<u>2017</u>	<u>Useful Lives</u>
Land	\$ 15,000	\$ 15,000	
Building and Improvements	472,361	472,361	6–39 years
Furniture and Equipment	<u>65,416</u>	<u>65,416</u>	5 years
	552,777	552,777	
Less Accumulated Depreciation	<u>280,042</u>	<u>261,099</u>	
	<u>\$ 272,735</u>	<u>\$ 291,678</u>	

Depreciation expense of \$18,943 and \$19,141 was recorded for the years ended June 30, 2018 and 2017, respectively.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

4. Notes Payable

AIFC maintains a \$100,000, variable rate line-of-credit due on December 19, 2019 with American National Bank. The line-of-credit balance was \$-0- for both years ended June 30, 2018 and 2017, respectively.

5. Temporarily Restricted Net Assets

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

	June 30,	
	2018	2017
Tomorrow's Leaders	\$ 54,539	\$ -
Our Children are Sacred	26,452	-
Wellness	7,777	-
Cultural Broker	-	27,777
Other	729	3,072
	<u>\$ 89,497</u>	<u>\$ 30,849</u>

6. Cash Flow Operating Adjustments

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

	June 30,	
	2018	2017
Depreciation Expense	\$ 18,943	\$ 19,141
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(1,617)	10,670
Accrued Expenses	4,367	27,211
Decrease (Increase) in Current Assets:		
Grants and Contracts Receivable	(157,699)	77,381
Prepaid Expense	(7,957)	(10,690)
Total Adjustments	<u>\$ (143,963)</u>	<u>\$ 123,713</u>