

American Indian Family Center

St. Paul, Minnesota

**Financial Statements
Auditor's Report
For the Years Ended
June 30, 2020 and 2019**



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, 2020 and 2019, 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, 2020 and 2019, 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
October 13, 2021

EXHIBIT A

AMERICAN INDIAN FAMILY CENTER
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 158,297	\$ 307,000	\$ 465,297	\$ 172,863	\$ 260,681	\$ 433,544
Government Grants and Contracts	1,840,531	-	1,840,531	1,770,060	-	1,770,060
Other Revenue	9,420	-	9,420	13,633	-	13,633
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	280,417	(280,417)	-	179,411	(179,411)	-
Total Support and Revenue	2,288,665	26,583	2,315,248	2,135,967	81,270	2,217,237
Expense:						
Program Services:						
Family and Youth Services	540,013	-	540,013	447,829	-	447,829
Behavioral Health Services	1,089,759	-	1,089,759	1,017,343	-	1,017,343
Community Development Services	416,940	-	416,940	445,217	-	445,217
Total Program Services	2,046,712	-	2,046,712	1,910,389	-	1,910,389
Support Services:						
Management and General Fundraising	99,466	-	99,466	90,811	-	90,811
Total Support Services	153,931	-	153,931	123,892	-	123,892
Total Expense	253,397	-	253,397	214,703	-	214,703
Total Expense	2,300,109	-	2,300,109	2,125,092	-	2,125,092
Change in Net Assets	(11,444)	26,583	15,139	10,875	81,270	92,145
Net Assets - Beginning of Year	706,918	170,767	877,685	696,043	89,497	785,540
Net Assets - End of Year	\$ 695,474	\$ 197,350	\$ 892,824	\$ 706,918	\$ 170,767	\$ 877,685

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, 2020 WITH COMPARATIVE TOTALS FOR 2019

	2020					2019		
	Program Services			Support Services		Total	Total	Total
	Family and Youth Services	Behavioral Health Services	Community Development Services	Total Program Services	Management & General	Fund-raising	Support Services	All Services
Total Personnel Costs	\$ 363,274	\$ 776,085	\$ 346,762	\$ 1,486,121	\$ 33,025	\$ 132,100	\$ 165,125	\$ 1,651,246
Professional Fees	43,348	187,839	20,229	251,416	26,009	11,559	37,568	288,984
Client Services:								
Program Supplies	25,844	6,946	15,041	47,831	-	-	-	47,831
Housing Support	37,381	129	-	37,510	-	-	-	37,510
Food Support	24,025	3,074	1,991	29,090	-	-	-	29,090
Transportation	4,473	924	9,389	14,786	-	-	-	14,786
Incentives	7,520	165	2,528	10,213	-	-	-	10,213
Childcare	2,239	6,857	720	9,816	-	-	-	9,816
Work Support	-	-	518	518	-	-	-	518
Bad Debt Expense	-	59,737	-	59,737	-	-	-	59,737
Office Expenses	6,836	11,393	6,836	25,065	7,216	5,696	12,912	37,977
Occupancy	6,116	13,252	6,796	26,164	5,097	2,718	7,815	33,979
Professional Development	11,116	12,143	1,870	25,129	2,963	440	3,403	28,532
Insurance	4,409	7,414	4,208	16,031	2,605	1,403	4,008	20,039
Mileage and Travel	3,432	3,801	52	7,285	396	15	411	7,696
Bank Fees and Interest	-	-	-	-	1,596	-	1,596	1,596
Depreciation	-	-	-	-	20,559	-	20,559	20,559
Total Expense	\$ 540,013	\$ 1,089,759	\$ 416,940	\$ 2,046,712	\$ 99,466	\$ 153,931	\$ 253,397	\$ 2,300,109
								\$ 2,125,092

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, 2019

	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	\$ 280,486	\$ 608,506	\$ 266,871	\$ 1,155,863	\$ 27,939	\$ 101,644	\$ 129,583	\$ 1,285,446
Professional Fees	42,151	178,571	19,143	239,865	24,239	10,583	34,822	274,687
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

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

AMERICAN INDIAN FAMILY CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 493,642	\$ 250,025
Grants and Contracts Receivable - Net	519,829	458,054
Prepaid Expense	90,514	80,426
Total Current Assets	<u>1,103,985</u>	<u>788,505</u>
Property and Equipment - Net	<u>271,156</u>	<u>265,770</u>
TOTAL ASSETS	<u>\$ 1,375,141</u>	<u>\$ 1,054,275</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 44,587	\$ 59,351
Accrued Salaries and Vacation	126,577	76,063
Other Accrued Expenses	37,536	23,100
Refundable Advance	16,317	18,076
Total Current Liabilities	<u>225,017</u>	<u>176,590</u>
PPP Loan	<u>257,300</u>	<u>-</u>
Total Liabilities	<u>482,317</u>	<u>176,590</u>
Net Assets:		
Without Donor Restrictions		
Undesignated	688,992	700,436
Board Designated-Scholarships	6,482	6,482
Total Without Donor Restrictions	<u>695,474</u>	<u>706,918</u>
With Donor Restrictions	<u>197,350</u>	<u>170,767</u>
Total Net Assets	<u>892,824</u>	<u>877,685</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,375,141</u>	<u>\$ 1,054,275</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, 2020 AND 2019

<u>Increase (Decrease) in Cash</u>	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 15,139	\$ 92,145
Total Adjustments	<u>(2,877)</u>	<u>(21,390)</u>
Net Cash Provided by Operating Activities	12,262	70,755
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(25,945)</u>	<u>(13,087)</u>
Net Cash (Used) by Investing Activities	(25,945)	(13,087)
Cash Flows from Financing Activities:		
PPP Loan	<u>257,300</u>	<u>-</u>
Net Increase in Cash	243,617	57,668
Cash-Beginning of Year	<u>250,025</u>	<u>192,357</u>
Cash -End of Year	<u>\$ 493,642</u>	<u>\$ 250,025</u>

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

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020 AND 2019

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 Pronouncements

AIFC has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* as management believes the standards improve the usefulness and understandability of AIFC's financial reporting.

AIFC has also adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Analysis of various provisions of this standard resulted in no significant changes in the way AIFC recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. Both ASUs have been applied retrospectively for the periods ended June 30, 2020 and 2019, as required.

Revenue and Revenue Recognition

AIFC recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of AIFC's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when AIFC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

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 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.

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

AIFC has evaluated the effect that subsequent events would have on the financial statements through October 13, 2021, which is the date financial statements were available to be issued.

2. Financial Instruments

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

At June 30, 2020 AIFC held funds at a financial institution in excess of federally insured limits.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. Financial Instruments (continued)

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>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Land	\$ 15,000	\$ 15,000	
Building and Improvements	472,361	472,361	6–39 years
Furniture and Equipment	104,447	78,502	5 years
	<u>591,808</u>	<u>565,863</u>	
Less Accumulated Depreciation	<u>320,652</u>	<u>300,093</u>	
	<u>\$ 271,156</u>	<u>\$ 265,770</u>	

Depreciation expense of \$20,559 and \$20,052 was recorded for the years ended June 30, 2020 and 2019, respectively.

4. Line of Credit

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, 2020 and 2019, respectively.

5. PPP Loan

On April 8, 2020, AIFC was granted a loan (the “Loan”) from American National Bank in the aggregate amount of \$257,300, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated April 8, 2020 issued by the Borrower, matures on April 8, 2022 and bears interest at a rate of 1% per annum, originally payable monthly commencing on November 8, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The payment terms on all PPP loans changed with the signing of the Flexibility Act on June 5, 2020, and payments are now deferred for 10 months after the borrower’s covered period, i.e. either 12 or 16 months from origination. In addition, if a borrower applies for forgiveness before the end of the 10 month deferral period, then payments continue to defer until a decision on the forgiveness is returned from the SBA.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. PPP Loan (continued)

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In accordance with these Loan forgiveness terms, funds from the Loan were used by AIFC for payroll costs, group health care and retirement benefits, and rent.

The Loan was 100% forgiven on December 8, 2020. AIFC has elected to carry the Loan as debt on its statement of financial as of December 31, 2020 per FASB ASC 470.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	June 30,	
	2020	2019
Homelessness Prevention	\$ 197,350	\$ 127,386
Parent Mentor	-	43,381
	\$ 197,350	\$ 170,767

7. Liquidity and Availability

The following represents the AIFC's financial assets at December 31:

	2020	2019
Financial Assets:		
Cash	\$ 493,642	\$ 250,025
Grants and Contracts Receivable-Net	519,829	458,054
Financial assets available for general expenditures within one year	1,013,471	708,079
Less: Assets not available to be used within one year:		
Total Assets With Donor Restrictions	197,350	170,767
Assets With Donor Restrictions to be met within a year	(178,600)	(170,767)
Assets not available to be used within one year	-	-
Financial assets available for general expenditures within one year	\$ 994,721	\$ 708,079

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.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. 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>2020</u>	<u>2019</u>
Depreciation Expense	\$ 20,559	\$ 20,052
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(14,764)	27,873
Accrued Salaries and Vacation	50,514	6,159
Other Accrued Expenses	14,436	7,010
Refundable Advance	(1,759)	17,826
Decrease (Increase) in Current Assets:		
Grants and Contracts Receivable	(61,775)	(107,799)
Prepaid Expense	(10,088)	7,489
Total Adjustments	<u>\$ (2,877)</u>	<u>\$ (21,390)</u>