

AMERICAN INDIAN FAMILY CENTER
AUDITED FINANCIAL STATEMENTS
June 30, 2013



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INDEPENDENT AUDITOR'S REPORT

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

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, 2013, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2013, 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.

Harrington Langer & Associates

January 9, 2014

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FINANCIAL POSITION
June 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 21,661
Grants and accounts receivable	274,270
Prepaid expenses	<u>15,804</u>

TOTAL CURRENT ASSETS 311,735

PROPERTY AND EQUIPMENT, net of
accumulated depreciation of \$183,410 297,167

CERTIFICATE OF DEPOSIT 6,482

TOTAL ASSETS \$ 615,384

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 48,455
Accrued expenses	81,968
Line of credit	95,401
Note payable - current portion	<u>30,387</u>

TOTAL CURRENT LIABILITIES 256,211

NOTE PAYABLE, net of current portion 69,080

TOTAL LIABILITIES 325,291

NET ASSETS

Unrestricted	
Undesignated	283,611
Board designated - scholarships	<u>6,482</u>

TOTAL NET ASSETS 290,093

TOTAL LIABILITIES AND NET ASSETS \$ 615,384

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 202,951	\$ -	\$ 202,951
Grants and contracts	1,028,609	-	1,028,609
Interest and dividend income	143	-	143
Other revenue	3,000	-	3,000
Net assets released from restrictions	129,846	(129,846)	-
TOTAL SUPPORT AND REVENUE	<u>1,364,549</u>	<u>(129,846)</u>	<u>1,234,703</u>
EXPENSES			
Program services	1,082,272	-	1,082,272
Management and general	134,583	-	134,583
Fundraising	12,407	-	12,407
TOTAL EXPENSES	<u>1,229,262</u>	<u>-</u>	<u>1,229,262</u>
CHANGE IN NET ASSETS	135,287	(129,846)	5,441
NET ASSETS, BEGINNING	<u>154,806</u>	<u>129,846</u>	<u>284,652</u>
NET ASSETS, ENDING	<u><u>\$ 290,093</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 290,093</u></u>

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 5,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	20,380
Inkind contribution - building renovation	(50,000)
Interest reinvested	(32)
(Increase) decrease in:	
Grants and accounts receivable	14,140
Prepaid expenses	(1,358)
Increase (decrease) in:	
Accounts payable	29,514
Accrued expenses	32,959
Deferred revenue	(42,487)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,557</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(165,694)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(165,694)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in line of credit	14,921
Note payable	99,467
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>114,388</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(42,749)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>64,410</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 21,661</u></u>

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	Program Activities		
	Therapeutic and Family Services	Employment and Education Services	Total Programs
Salaries and benefits	\$ 324,959	\$ 296,862	\$ 621,821
Payroll taxes	44,806	39,307	84,113
TOTAL PERSONNEL EXPENSES	369,765	336,169	705,934
Contract services	67,199	70,736	137,935
Occupancy	14,377	15,750	30,127
Office supplies	11,037	10,678	21,715
Accounting services	-	-	-
Insurance	4,370	3,076	7,446
Bank fees	-	-	-
Interest expense	-	-	-
IT services	13,600	14,945	28,545
Mileage and travel	1,449	2,649	4,098
Professional development	3,260	232	3,492
Client services:			
Childcare	11,279	6,258	17,537
Family stabilization	24,251	-	24,251
Client transportation	12,608	16,546	29,154
Program events and supplies	19,285	3,602	22,887
Food and beverage	14,172	1,243	15,415
Housing support	-	3,597	3,597
Client incentives and gifts	141	7,612	7,753
Work support	-	4,735	4,735
Depreciation	9,397	8,254	17,651
TOTAL EXPENSES	\$ 576,190	\$ 506,082	\$ 1,082,272

Supporting Activities

<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting</u>	<u>Total</u>
\$ 49,866	\$ 5,541	\$ 55,407	\$ 677,228
5,504	612	6,116	90,229
55,370	6,153	61,523	767,457
22,440	3,960	26,400	164,335
3,101	547	3,648	33,775
6,913	1,016	7,929	29,644
22,850	-	22,850	22,850
3,690	-	3,690	11,136
1,917	-	1,917	1,917
9,829	-	9,829	9,829
658	164	822	29,367
129	32	161	4,259
5,491	-	5,491	8,983
-	-	-	17,537
-	-	-	24,251
-	-	-	29,154
-	-	-	22,887
-	-	-	15,415
-	-	-	3,597
-	-	-	7,753
-	-	-	4,735
2,195	535	2,730	20,381
<u>\$ 134,583</u>	<u>\$ 12,407</u>	<u>\$ 146,990</u>	<u>\$ 1,229,262</u>

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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. (Formerly programs for purposes of the functional statements of expenses were grouped under the categories of Therapeutic Services, Family and Youth Services and Employment Services. There was no impact on the Organization's current results of financial position, changes in net assets or cash flow statements from the change in program classifications.)

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 replaced the previous Twin Cities Healthy Start (TCHS) program which had 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' Ayaan 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)

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.

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, 2013 all cash balances were fully insured by the FDIC.

Grants and Contracts:

Grants and contract funds are recorded as revenue when earned as an exchange transaction. 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. 37% and 44% of total revenue was obtained through grants and contracts with Ramsey County and the State of Minnesota, respectively.

Allowance for Doubtful Accounts:

The Center provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding amounts. At June 30, 2013, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

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.

Restricted Net Assets:

Temporarily restricted net assets are those that are used by the Center and have been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Center in perpetuity.

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.

Support and Revenue:

Contributions received and unconditional promises to give are measured at their fair market value 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.

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

In-kind Contributions:

Donated goods, equipment, and facilities are recorded at fair value at the date of donation.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

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

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, 2013, the Center recorded no donated services.

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.

Subsequent Events:

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through January 9, 2014, the date the financial statements were available to be issued.

NOTE 2. PROPERTY AND EQUIPMENT

The Center's property and equipment consisted of the following at June 30, 2013:

Land	\$ 15,000
Buildings and improvements	413,641
Furniture and equipment	51,936
	<hr/> 480,577
Less: accumulated depreciation	183,410
	<hr/> <u>\$ 297,167</u>

NOTE 3. LINE OF CREDIT

As of June 30, 2013 the Organization has a \$100,000 line of credit with a bank expiring September 22, 2014. 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, 2013). This line of credit is secured by the real estate of the Center. Amounts outstanding at June 30, 2013 totaled \$95,401.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 4. RETIREMENT PLAN

The Center has established a defined contribution pension plan. The plan covers substantially all of its full-time employees that have completed one year of service. For the year ended June 30, 2013 the Center made no contributions to the plan.

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 till September 1, 2017. \$99,467 is outstanding under this agreement at June 30, 2013.

At June 30, 2013, estimated future minimum payments on this note are as follows:

2014	\$	30,387
2015		31,625
2016		32,914
2017		4,541
		<hr/>
	\$	99,467
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