

AMERICAN INDIAN FAMILY CENTER
AUDITED FINANCIAL STATEMENTS
(With Schedule of Expenditures of Federal Awards)
June 30, 2012



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of American Indian Family Center (a non-profit organization) as of June 30, 2012, and the related statement of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of American Indian Family Center as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, 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* and should be considered in assessing the results of our audit.

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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Harington Lange & Assoc.

December 3, 2012

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FINANCIAL POSITION
June 30, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 64,410
Grants and accounts receivable	288,410
Prepaid expenses	<u>14,446</u>

TOTAL CURRENT ASSETS 367,266

PROPERTY AND EQUIPMENT, net of
accumulated depreciation of \$163,030 101,853

CERTIFICATE OF DEPOSIT 6,450

TOTAL ASSETS \$ 475,569

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 18,941
Accrued expenses	49,009
Line of credit	80,480
Deferred revenue	<u>42,487</u>

TOTAL CURRENT LIABILITIES 190,917

NET ASSETS

Unrestricted	
Undesignated	148,356
Board designated	<u>6,450</u>

Total unrestricted 169,423

Temporarily restricted 115,229

TOTAL NET ASSETS 284,652

TOTAL LIABILITIES AND NET ASSETS \$ 475,569

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 141,299	\$ 166,025	\$ 307,324
Government contracts and grants	1,052,161	-	1,052,161
Interest and dividend income	231	-	231
Other revenue	2,775	-	2,775
Net assets released from restrictions	118,957	(118,957)	-
	<u>1,315,423</u>	<u>47,068</u>	<u>1,362,491</u>
TOTAL SUPPORT AND REVENUE			
	<u>1,315,423</u>	<u>47,068</u>	<u>1,362,491</u>
EXPENSES			
Program services	1,076,074	-	1,076,074
Administrative	251,468	-	251,468
Fundraising	8,649	-	8,649
	<u>1,336,191</u>	<u>-</u>	<u>1,336,191</u>
TOTAL EXPENSES			
	<u>1,336,191</u>	<u>-</u>	<u>1,336,191</u>
CHANGE IN NET ASSETS	(20,768)	47,068	26,300
NET ASSETS, BEGINNING	<u>190,191</u>	<u>68,161</u>	<u>258,352</u>
NET ASSETS, ENDING	<u>\$ 169,423</u>	<u>\$ 115,229</u>	<u>\$ 284,652</u>

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 26,300
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,698
(Increase) decrease in:	
Grants and accounts receivable	(38,618)
Prepaid expenses	7,354
Increase (decrease) in:	
Accounts payable	(29,477)
Accrued expenses	2,988
Deferred revenue	39,641
	<u>19,886</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>19,886</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(13,109)
Interest reinvested	(64)
	<u>(13,173)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(13,173)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in line of credit	12,980
	<u>12,980</u>
INCREASE IN CASH AND CASH EQUIVALENTS	19,693
CASH AND CASH EQUIVALENTS, BEGINNING	<u>44,717</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 64,410</u></u>

AMERICAN INDIAN FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	Program Activities			Total Programs
	Therapeutic Services	Family & Youth Services	Employment Services	
Salaries and benefits	\$ 272,716	\$ 137,185	\$ 280,046	\$ 689,947
Payroll taxes	22,262	9,382	23,405	55,049
TOTAL PERSONNEL EXPENSES	294,978	146,567	303,451	744,996
Advertising	-	-	-	-
Contract services	59,982	29,427	12,800	102,209
Accounting services	8,099	4,074	8,316	20,489
Bank fees	-	-	-	-
Interest expense	-	-	-	-
Meals	9,445	5,832	608	15,885
Telephone	2,030	-	3,166	5,196
Office supplies	2,969	22	4,581	7,572
Insurance	2,004	-	2,724	4,728
Equipment lease	2,410	-	3,464	5,874
Employment costs	-	-	31,007	31,007
Utilities	3,106	-	-	3,106
Program events	3,839	11,343	1,981	17,163
Program supplies	12,652	4,516	3,880	21,048
Repairs and maintenance	8,002	-	-	8,002
Computer equipment and supplies	2,015	-	717	2,732
Client transportation	5,768	95	22,088	27,951
Client incentives and gifts	277	243	-	520
Postage	830	-	1,440	2,270
Dues and subscriptions	-	3,000	35	3,035
Child care costs	10,151	450	3,457	14,058
Transportation	1,108	339	1,588	3,035
IT services	16,162	1,368	4,350	21,880
Staff development	3,028	-	881	3,909
Depreciation	3,719	1,871	3,819	9,409
TOTAL EXPENSES	\$ 452,574	\$ 209,147	\$ 414,353	\$ 1,076,074
				<u><u>80.5%</u></u>

Supporting Activities

Management and General	Fundraising	Total Supporting	Total
\$ 154,099	\$ 7,013	\$ 161,112	\$ 851,059
12,744	564	13,308	68,357
166,843	7,577	174,420	919,416
2,047	-	2,047	2,047
9,200	-	9,200	111,409
4,784	-	4,784	25,273
1,052	-	1,052	1,052
2,198	-	2,198	2,198
1,225	-	1,225	17,110
3,692	71	3,763	8,959
-	-	-	7,572
6,274	61	6,335	11,063
3,763	-	3,763	9,637
-	-	-	31,007
9,408	99	9,507	12,613
3,661	-	3,661	20,824
9,719	262	9,981	31,029
12,390	162	12,552	20,554
-	-	-	2,732
3,626	-	3,626	31,577
767	-	767	1,287
-	-	-	2,270
3,450	51	3,501	6,536
480	-	480	14,538
2,457	51	2,508	5,543
1,753	188	1,941	23,821
482	35	517	4,426
2,197	92	2,289	11,698
<u>\$ 251,468</u>	<u>\$ 8,649</u>	<u>\$ 260,117</u>	<u>\$ 1,336,191</u>
		<u>19.5%</u>	<u>100.0%</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 Family Support Services, Employment Support Services and Therapeutic Services.

Employment Services:

The *Employment 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 during the first 180 days of employment.

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.

Family & Youth Services:

The **Family & Youth Services** are comprised of multiple programs and services. The **Twin Cities Healthy Start** (TCHS) program has been providing services and support since 2000 and is one of the longest running programs of the AIFC. TCHS 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.

TCHS 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)

Family & Youth 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' Aya 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.

Therapeutic 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.

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, 2012 all cash balances were fully insured by the FDIC.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

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

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, 2012, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

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.

Government Grants and Contracts:

Government 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.

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.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

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

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.

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.

Advertising:

Advertising costs are charged to expense as incurred. During the year ended June 30, 2012 advertising costs were \$2,047.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

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

Property and Equipment:

Assets acquired by the Center for \$1,000 or more are capitalized at their cost. Assets acquired by gift, if material, are stated at their fair market value at the time of the donation.

Depreciation is computed over the estimated useful lives of the assets by the straight-line method. The following estimated useful lives are used in computing depreciation.

	<u>Years</u>
Furniture and equipment	3 - 5
Building and improvements	6 - 39

Depreciation expense for the year ended June 30, 2012 amounted to \$11,698.

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.

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, 2012, the Center recorded no donated services.

Subsequent Events:

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through December 3, 2012, the date the financial statements were available to be issued.

NOTE 2. BOARD DESIGNATED NET ASSETS

At June 30, 2012, the Center's board designated net assets consisted of \$6,450 designated for scholarships.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 3. PROPERTY AND EQUIPMENT

The Center's property and equipment consisted of the following at June 30, 2012:

Land	\$ 15,000
Building	98,548
Building improvements	99,399
Furniture & equipment	<u>51,936</u>
	264,883
Less: accumulated depreciation	<u>(163,030)</u>
Total	<u><u>\$ 101,853</u></u>

NOTE 4. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consisted of the following at June 30, 2012:

Health Service contracts	\$ 268,410
Grants receivable	<u>20,000</u>
Total	<u><u>\$ 288,410</u></u>

NOTE 5. CERTIFICATE OF DEPOSIT

At June 30, 2012, the Center had a certificate of deposit totaling \$6,450. The certificate bears interest at .999% and matures January 2013.

NOTE 6. LINE OF CREDIT

As of June 30, 2012 the Organization has a \$100,000 line of credit with a bank expiring September 22, 2012. 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, 2012). This line of credit is secured by the real estate of the Center. Amounts outstanding advances at June 30, 2012 totaled \$80,480.

AMERICAN INDIAN FAMILY CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2012, the Center's temporarily restricted net assets were restricted for the following purposes:

Capital campaign	\$ 15,171
Programs	99,027
General operations	<u>1,031</u>
Total	<u><u>\$ 115,229</u></u>

During the year ended June 30, 2012, net assets were released from restrictions for the following purposes:

Capital campaign	\$ 5,200
Programs	53,155
General operations	<u>60,602</u>
Total net assets released from restrictions	<u><u>\$ 118,957</u></u>

NOTE 8. 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, 2012 the Center made no contributions to the plan.



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**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 the financial statements of American Indian Family Center, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. 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.

Internal Control over Financial Reporting

Management of American Indian Family Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Indian Family Center's financial statements are free of 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*.

This report is intended solely for the information and use of management, the board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Harold Lauer # Assoc.

December 3, 2012



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited American Indian Family Center's (the Organization) 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 the Organization's major federal programs for the year ended June 30, 2012. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 the Organization'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. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, American Indian Family Center complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hamilton Leger & Assoc.

December 3, 2012

AMERICAN INDIAN FAMILY CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? ___ yes X none reported
Noncompliance material to financial
statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? ___ yes X none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of OMB Circular
A-133? ___ yes X no

Major program:

<u>CFDA Number(s):</u>	<u>Name of Federal Program or Cluster:</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.558	Temporary Assistance for Needy Families

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

Auditee qualified as low-risk auditee? ___ Yes X No

Section II—Findings-Financial Statement Audit

None reported.

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

None reported.

Section IV—Prior Year Findings and Questioned Costs

None reported.

AMERICAN INDIAN FAMILY CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

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	\$ 100,000
Trauma Care			
Pass-through programs from:			
State of Minnesota	93.953	442853	144,665
Block Grants for Community Mental Health Services			
Pass-through programs from:			
State of Minnesota	93.958	444337	55,129
		443336	<u>140,001</u>
			<u>195,130</u>
Healthy State Initiative			
Pass-through programs from:			
City of Minneapolis	93.926	C-32043	37,118
Community-Based Child Abuse Prevention			
Pass-through programs from:			
State of Minnesota	93.590	438550	35,503
Temporary Assistance for Needy Families			
Pass-through programs from:			
Ramsey County	93.558	G201508	<u>418,391</u>
Total U. S. Department of Health and Human Services			930,807
U.S. Department of Housing and Urban Development:			
Sustainable Communities Regional Planning Grant Program			
Pass-through programs from:			
Nexus Community Partners	14.703	2012-10	<u>20,000</u>
Total expenditures of federal awards			<u>\$ 950,807</u>

See accompanying notes to schedule
of expenditures of federal awards

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, 2012. 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.