

American Indian OIC, Inc.

Minneapolis, Minnesota

Single Audit Compliance Report
For the Year Ended
June 30, 2023



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENTS AND
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

Board of Directors
American Indian OIC, Inc.
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Indian OIC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian OIC, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Indian OIC, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Indian OIC Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Indian OIC Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Indian OIC Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024 on our consideration of American Indian OIC Inc.'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 solely 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 effectiveness of American Indian OIC Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Indian OIC Inc.'s internal control over financial reporting and compliance.

Lapointe, Ewert and Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
April 22, 2024

AMERICAN INDIAN OIC, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions of Financial Assets	\$ 457,617	\$ 498,100	\$ 955,717	\$ 439,541	\$ 684,900	\$ 1,124,441
Government Grants and Contracts	4,665,657	-	4,665,657	3,731,703	-	3,731,703
Program Service Fees	44,282	-	44,282	71,954	-	71,954
Investment Income	16,224	-	16,224	-	-	-
Miscellaneous Income	33,475	-	33,475	25,490	-	25,490
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	396,500	(396,500)	-	308,300	(308,300)	-
Satisfaction of Time Restrictions	296,600	(296,600)	-	339,500	(339,500)	-
Total Support and Revenue	5,910,355	(195,000)	5,715,355	4,916,488	37,100	4,953,588
Expense:						
Direct Program Services	4,497,616	-	4,497,616	3,431,461	-	3,431,461
Support Services:						
Management and General	992,358	-	992,358	990,424	-	990,424
Fundraising	272,465	-	272,465	193,887	-	193,887
Total Support Services	1,264,823	-	1,264,823	1,184,311	-	1,184,311
Total Expense	5,762,439	-	5,762,439	4,615,772	-	4,615,772
Change in Net Assets	147,916	(195,000)	(47,084)	300,716	37,100	337,816
Net Assets - Beginning of Year	1,973,055	449,100	2,422,155	1,672,339	412,000	2,084,339
Net Assets - End of Year	\$ 2,120,971	\$ 254,100	\$ 2,375,071	\$ 1,973,055	\$ 449,100	\$ 2,422,155

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

AMERICAN INDIAN OIC, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR 2022

	2023				2022	
	Direct Program Services	Management and General	Support Services		Total All Services	Total All Services
	\$	\$	\$	\$	\$	\$
Salaries	1,852,600	459,797	177,572	637,369	2,489,969	2,237,365
Employee Benefits	228,531	43,542	29,768	73,310	301,841	306,157
Payroll Taxes	133,303	33,830	11,979	45,809	179,112	164,991
Total Personnel Costs	2,214,434	537,169	219,319	756,488	2,970,922	2,708,513
Sub-Grantee Payments	770,147	-	-	-	770,147	594,072
Client Support	620,497	51,249	1,685	52,934	673,431	264,492
Professional Fees	296,640	178,821	33,824	212,645	509,285	297,478
Office Expense	225,313	123,062	6,628	129,690	355,003	319,907
Occupancy	131,219	16,025	7,122	23,147	154,366	107,894
Meeting & Conference	89,330	12,385	623	13,008	102,338	91,392
Miscellaneous	42,180	28,347	-	28,347	70,527	55,414
Bad Debt Expense	12,456	28,567	-	28,567	41,023	31,845
Travel & Transportation	22,037	9,948	249	10,197	32,234	64,193
Depreciation	73,363	6,785	3,015	9,800	83,163	80,572
Total Expense	\$ 4,497,616	\$ 992,358	\$ 272,465	\$ 1,264,823	\$ 5,762,439	\$ 4,615,772

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

AMERICAN INDIAN OIC, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR 2022

	Direct Program Services	Support Services			Total All Services
		Management and General	Fundraising	Total Support Services	
Salaries	\$ 1,712,012	\$ 419,186	\$ 106,167	\$ 525,353	\$ 2,237,365
Employee Benefits	227,448	60,053	18,656	78,709	306,157
Payroll Taxes	126,654	31,225	7,112	38,337	164,991
Total Personnel Costs	2,066,114	510,464	131,935	642,399	2,708,513
Sub-Grantee Payments	594,072	-	-	-	594,072
Client Support	264,492	-	-	-	264,492
Professional Fees	78,557	190,853	28,068	218,921	297,478
Office Expense	159,610	130,657	29,640	160,297	319,907
Occupancy	16,184	90,631	1,079	91,710	107,894
Meeting & Conference	74,141	15,490	1,761	17,251	91,392
Miscellaneous	19,862	34,183	1,369	35,552	55,414
Bad Debt Expense	31,845	-	-	-	31,845
Travel & Transportation	56,084	8,074	35	8,109	64,193
Depreciation	70,500	10,072	-	10,072	80,572
Total Expense	\$ 3,431,461	\$ 990,424	\$ 193,887	\$ 1,184,311	\$ 4,615,772

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

AMERICAN INDIAN OIC, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and Cash Equivalents	\$ 154,908	\$ 949,501
Investments	814,460	-
Grants and Contracts Receivable	956,996	1,129,013
Other Receivable	2,828	1,384
Prepaid Expense	10,566	-
Total Current Assets	1,939,758	2,079,898
Investments	248,737	-
Property and Equipment - Net	558,802	581,233
TOTAL ASSETS	\$ 2,747,297	\$ 2,661,131
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 174,743	\$ 5,937
Accrued Expenses	197,483	183,039
Refundable Advance	-	50,000
Total Current Liabilities	372,226	238,976
Net Assets:		
Without Donor Restrictions	2,120,971	1,973,055
With Donor Restrictions	254,100	449,100
Total Net Assets	2,375,071	2,422,155
TOTAL LIABILITIES AND NET ASSETS	\$ 2,747,297	\$ 2,661,131

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

AMERICAN INDIAN OIC, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (47,084)	\$ 337,816
Total Adjustments	<u>376,420</u>	<u>(175,247)</u>
Net Cash Provided by Operating Activities	329,336	162,569
Cash Flows from Investing Activities:		
Purchase of Investments	(1,063,197)	-
Purchase of Property & Equipment	<u>(60,732)</u>	<u>(8,164)</u>
Net Cash (Used) by Investing Activities	(1,123,929)	(8,164)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(794,593)	154,405
Cash and Cash Equivalents - Beginning of Year	<u>949,501</u>	<u>795,096</u>
Cash and Cash Equivalents - End of Year	<u>\$ 154,908</u>	<u>\$ 949,501</u>

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

AMERICAN INDIAN OIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies

Organizational Purpose

American Indian OIC, Inc. (AIOIC) is a progressive education, job training, and employment agency focused on improving the quality of life for American Indians. Our mission is to empower American Indians to pursue career opportunities by providing individualized education, training, and employment services in a culturally rich environment.

AIOIC's programs are as follows:

Vocational Education/Training – We offer accredited post-secondary short-term training programs through the Takoda Institute of Higher Education. Certificate programs currently include small business management, human services, and a variety of administrative, health occupation, information technology, and public relations.

Employment – Our employment placement services include the Minnesota Family Investment Program (MFIP), Minneapolis Employment and Training Program (METP), and the Workforce Investment Act (WIA) for adults and youth. All of these programs offer support services as well as work readiness training, job placement, and job retention services with the help of our career center.

Education – Takoda Prep focuses our education style to support students ages 14-21 that have not advanced through the mainstream public schools. We also offer Adult Basic Education and GED preparation. Both of these programs operate with an emphasis on connecting students to post-secondary training/education and employment.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to AIOIC, 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:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. AIOIC reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

AMERICAN INDIAN OIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

In the year ended June 30, 2023, AIOIC adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. AIOIC elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. AIOIC had no leases that met the criteria of ASU 2016-02.

Leases

AIOIC determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. AIOIC does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Cash and Cash Equivalents

For purposes of the statement of cash flows, AIOIC considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

AIOIC carries its investments at fair market value.

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.

AMERICAN INDIAN OIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

AIOIC recognizes contributions and United Way funding 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 substantially met.

A portion of AIOIC revenue is derived from cost-reimbursable government grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when AIOIC 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.

Program service fees are recognized as revenue when the performance obligation of providing services are met.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$94,602 and \$48,904 for the years ended June 30, 2023 and 2022, 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 AIOIC's indirect cost allocation system.

Income Tax

AIOIC 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. AIOIC'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. AIOIC 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, AIOIC annually files a Return of Organization Exempt From Income Tax (Form 990).

Subsequent Events

AIOIC has evaluated the effect that subsequent events would have on the financial statements through April 22, 2024, which is the date financial statements were available to be issued.

AMERICAN INDIAN OIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

2. Financial Instruments

Significant Concentrations of Credit Risk

AIOIC provides services within the Twin Cities area. Grants and contracts receivable are primarily from the federal government and local governments or institutions.

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

At June 30, 2022, AIOIC held funds at a local financial institution in excess of federally insured limits.

3. Grants and Contracts Receivable

The outstanding balance of grants and contracts receivable at June 30, 2023 is expected to be collected over the following fiscal years:

Due in the Year Ending June 30, 2024 \$ 956,996

4. Investments

AIOIC held the following investments as of:

	June 30,			
	2023		2022	
	Cost	Market	Cost	Market
Bonds	\$ 1,045,874	\$ 1,058,966	\$ -	\$ -
Money Market Fund	4,231	4,231	-	-
Total	<u>\$ 1,050,105</u>	<u>\$ 1,063,197</u>	<u>\$ -</u>	<u>\$ -</u>

Investment income was as follows as of:

	June 30	
	2023	2022
Interest and Dividends	\$ 3,026	\$ -
Unrealized Gain	13,198	-
Total	<u>\$ 16,224</u>	<u>\$ -</u>

AMERICAN INDIAN OIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

5. Fair Value

AIOIC adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (“ASC 820”). In accordance with ASC 820, “fair value” is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds	\$ 1,058,966	\$ -	\$ -	\$ 1,058,966
Money Market Fund	<u>4,231</u>	<u>-</u>	<u>-</u>	<u>4,231</u>
Total	<u>\$ 1,063,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,063,197</u>

6. Property and Equipment

AIOIC owned the following assets as of:

	<u>June 30,</u>		<u>Estimated</u>
	<u>2023</u>	<u>2022</u>	<u>Useful Lives</u>
Land	\$ 310,000	\$ 310,000	
Building and Improvements	2,077,609	2,077,609	10–35 years
Equipment	271,021	223,100	3-10 years
Furniture and Fixtures	149,409	149,391	5 years
Vehicles	<u>17,379</u>	<u>4,585</u>	5 years
	2,825,418	2,764,685	
Less Accumulated Depreciation	<u>2,266,616</u>	<u>2,183,452</u>	
	<u>\$ 558,802</u>	<u>\$ 581,233</u>	

Depreciation expense of \$83,163 and \$80,572 was recorded for the years ended June 30, 2023 and 2022, respectively.

7. Line of Credit

AIOIC maintains a \$200,000, variable rate line-of-credit due on June 15, 2024 with Sunrise Bank. The line is secured by all business assets. The line-of-credit balance was zero for both years ended June 30, 2023 and 2022.

AMERICAN INDIAN OIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

8. Net Assets With Donor Restrictions

Net Assets With Donor Restrictions consisted of amounts for the following as of:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Restrictions that Expire:		
Purpose Restrictions:		
Economic Justice	\$ 37,500	\$ 37,500
Education	25,000	-
Legislative Support	-	115,000
Time Restrictions:		
Future Operations	<u>191,600</u>	<u>296,600</u>
Total	<u>\$ 254,100</u>	<u>\$ 449,100</u>

9. Defined Contribution Plan

AIOIC maintains a 403(b) defined contribution plan covering all eligible employees. AIOIC's contribution totaled \$39,949 and \$28,252 for the years ended June 30, 2023 and 2022, respectively.

10. Short Term Leases

Rental commitments under noncancelable operating leases for equipment in effect at June 30, 2023, totaled \$36,360. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2024	<u>\$ 36,360</u>

Rental expense was \$36,360 for each of the years ended June 30, 2023 and 2022.

11. Cash Flow Operating Adjustments

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

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Depreciation Expense	\$ 83,163	\$ 80,572
Increase (Decrease) in Current Liabilities:		
Accounts Payable	168,806	(10,690)
Accrued Expenses	14,444	5,300
Refundable Advances	(50,000)	50,000
Decrease (Increase) in Current Assets:		
Grants and Contracts Receivable	172,017	(299,045)
Other Receivable	(1,444)	(1,384)
Prepaid Expense	<u>(10,566)</u>	<u>-</u>
Total Adjustments	<u>\$ 376,420</u>	<u>\$ (175,247)</u>

AMERICAN INDIAN OIC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

12. Liquidity and Availability

The following represents AIOIC's financial assets as of:

	June 30	
	2023	2022
Financial Assets:		
Cash and Cash Equivalents	\$ 154,908	\$ 949,501
Investments-Current	814,460	-
Grants and Contracts Receivable	956,996	1,129,013
Other Receivable	2,828	1,384
Total Financial Assets	1,929,192	2,079,898
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions	254,100	449,100
Net Assets With Restrictions to be met within a year	(254,100)	(449,100)
Total assets not available for general expenditures within one year:	-	-
Financial assets available for general expenditures within one year	\$ 1,929,192	\$ 2,079,898

AIOIC maintains a \$200,000 line of credit with Sunrise Banks to aid in liquidity. As part of their liquidity plan, AIOIC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.



Carpenter, Evert & Associates

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INDEPENDENT AUDITOR'S 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*

Board of Directors
American Indian OIC, Inc.
Minneapolis, Minnesota

We have audited, in accordance with the 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, the financial statements of American Indian OIC, Inc., (a nonprofit organization) which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expense and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Indian OIC, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Indian OIC, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of American Indian OIC, Inc.'s internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Indian OIC, Inc.'s financial statements are free from 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 financial statements. 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*.

American OIC, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on American Indian OIC Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. American Indian OIC Inc.'s response was not subjected to the other audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carpenter, Ewert & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
April 22, 2024



Carpenter, Evert & Associates

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
American Indian OIC, Inc.
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited American Indian OIC Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of American Indian OIC Inc.'s major federal programs for the year ended June 30, 2023. American Indian OIC Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, American Indian OIC, Inc. complied, in all material respects, with the types of 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, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of American Indian OIC, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of American Indian OIC Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to American Indian OIC Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on American Indian OIC Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about American Indian OIC Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding American Indian OIC Inc.'s compliance with the compliance requirements referred to above and performing such other procedure as we considered necessary in the circumstances.
- Obtain an understanding of American Indian OIC Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of American Indian OIC Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given the limitations, during the audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carpenter, Ewert & Associates, LLC
Certified Public Accountants

Minneapolis, Minnesota
April 22, 2024

AMERICAN INDIAN OIC, INC.
SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued – unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major program:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es) ? Yes No

Type of auditor's report issued on compliance for major programs – unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Major Program: CFDA Number 17.270 Re-Entry – Demonstration Projects for Young Adults

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

AMERICAN INDIAN OIC, INC.
SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiencies:

2023-001 – Financial Statements Prepared with Assistance of Auditor

Condition: The auditor assisted in drafting the financial statements prepared under Generally Accepted Accounting Principles (GAAP).

Criteria: Management should prepare complete GAAP financial statements for the audit to ensure independence is not impaired.

Cause: It is not practical for the organization to prepare complete GAAP financial statements for internal use by management and the Board of Directors.

Effect: The financial statements prepared for internal purposes are not complete GAAP financial statements as required for the audit.

Recommendation: Management should be aware that the auditor assisted in drafting the GAAP financial statements and management should have a person with the skill and knowledge review and approve the draft financials.

Views of Management and Planned Corrective Action: Management agrees with the finding and the recommended procedures have been implemented.

2023-002 – Lack of Segregation of Duties

Condition: The limited number of people involved in the internal control structure does not allow for the complete segregation of duties.

Criteria: An ideal internal control structure should have separate individuals performing each function of the system.

Cause: The number of people required to have an ideal internal control structure with the complete segregation of duties is beyond the means of the organization.

Effect: A lack of segregation of duties can lead to errors or irregularities that arise in the normal course of an employee's duties, and may not be detected.

Recommendation: Management should be aware that there is a lack of segregation of duties that would exist in an ideal internal control structure and continue to monitor the system.

Views of Management and Planned Corrective Action: Management agrees with the finding and the recommended procedures have been implemented.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDIT

None

AMERICAN INDIAN OIC, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

2022-001-This finding still exists in 2023. See 2023-001-this finding is being addressed by having management review and approve the draft financials, but is expected to be recurring.

2022-002-This finding still exists in 2023. See 2023-002-this finding is being addressed by having management stay aware of the issue and continue to monitor the internal control system, but is expected to be recurring.

AMERICAN INDIAN OIC, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>MAJOR PROGRAM</u>				
U.S. Department of Labor				
None				
Re-Integration of Ex-Offenders - Non Youth	17.270	N/A	\$ -	\$ 1,036,397
TOTAL MAJOR PROGRAMS				1,036,397
<u>OTHER FEDERAL ASSISTANCE</u>				
U.S. Department of Labor				
None				
Workforce Investment Act	17.265	N/A	-	208,173
Office of Juvenile Justice and Delinquency				
Second Chance Act Youth Reentry Program	17.265	15PJDP-21-GG-04085-SCAX	-	137,733
TOTAL CFDA# 17.265				345,906
U.S. Department of Labor				
City of Minneapolis				
Youthworks	17.259	None	-	109,978
U.S. Department of Housing and Urban Development				
City of Minneapolis				
CDBG-Adult Works	14.218	None	-	84,952
U.S. Department of Labor				
None				
Community Projects	17.289	N/A	-	14,790
				\$ 1,592,023

AMERICAN INDIAN OIC, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of American Indian OIC, Inc. under the programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of American Indian OIC, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of American Indian OIC, Inc.

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 contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rates

American Indian OIC, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

AMERICAN INDIAN OIC, INC.
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023

2023-001- Financial Statements Prepared with Assistance of Auditor

Explanation of Disagreement with Audit Finding: None

Actions Planned in Response to Finding: The recommended procedures have been implemented.

Official Responsible for Ensuring the CAP: Michael Stotesbery, Finance Director

Planned Completion Date: Completed

2023-002- Lack of Segregation of Duties

Explanation of Disagreement with Audit Finding: None

Actions Planned in Response to Finding: The recommended procedures have been implemented.

Official Responsible for Ensuring the CAP: Michael Stotesbery, Finance Director

Planned Completion Date: Completed