

**NATIONAL INDIAN COUNCIL ON
AGING, INC.**

**Independent Auditor's Report and
Financial Statements**

**For the Year Ended June 30, 2023
with Comparative Totals for 2022**



AXIOM

*Certified Public Accountants
and Business Advisors LLC*

NATIONAL INDIAN COUNCIL ON AGING, INC.

June 30, 2023

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Official Roster | 1 |
| Independent Auditor’s Report | 2-3 |
| Financial Statements | |
| Statement of Financial Position..... | 4 |
| Statement of Activities | 5 |
| Statement of Functional Expenses | 6-7 |
| Statement of Cash Flows | 8 |
| Notes to the Financial Statements | 9-22 |
| Federal Compliance Section | |
| Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 23-24 |
| Independent Auditors’ Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance..... | 25-27 |
| Schedule of Expenditures of Federal Awards | 28 |
| Notes to the Schedule of Expenditure of Federal Awards | 29 |
| Schedule of Findings and Questioned Costs..... | 30-33 |
| Auditee Response | |
| Corrective Action Plan | 34-35 |
| Summary Schedule of Prior Audit Findings | 36 |

NATIONAL INDIAN COUNCIL ON AGING, INC.

OFFICIAL ROSTER

As of June 30, 2023

Board of Directors

| | |
|--------------------|--|
| Billie Tohee | Chairperson – Southern Plains Region |
| Mary Jo Hunter | Chairperson – Midwest Region |
| Edna Riley | Treasurer – Eastern Region |
| Eddie Tullis | Secretary – Alaska Region |
| James DeLaCruz | Member – Northwest Region |
| Robert LaFromboise | Member – Great Plains Region |
| Lillian Thomas | Member – Eastern Oklahoma Region |
| Phyllis Antone | Member – Western Region |
| Betti Delrow | Member – Navajo Region |
| Wilma Toledo | Member – Southwest Region |
| Stanley Rodriguez | Member – Pacific Region |
| Vacant | Member – Rocky Mountain Region |
| Vacant | Member – Chairperson of Title VI Association |

Administration

| | |
|-----------------|--------------------|
| Larry Curley | Executive Director |
| Agnes Maldonado | Finance Director |

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management of
National Indian Council on Aging, Inc.

Opinion

We have audited the accompanying financial statements of National Indian Council on Aging, Inc. (NICOA) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 NICOA as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 NICOA and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Correction of Error

As discussed in Note 15 to the financial statements, certain errors resulting in overstatement of amounts previously reported for accounts receivables and revenue as of and for the year ended June 30, 2022, were discovered by management of NICOA during the current year. Accordingly, amounts reported for accounts receivable and revenues have been restated in the 2022 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2022, to correct the error. Our opinion is not modified with respect to that matter.

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 NICOA'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 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 NICOA'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 NICOA'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.

Report on Summarized Comparative Information

The summarized information as of and for the year ended June 30, 2022, were audited by other auditors whose report dated March 27, 2023, expressed an unmodified opinion on those statements.

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* (Uniform Guidance), 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 information is fairly stated, 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 December 6, 2023, on our consideration of NICOA'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 NICOA'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 NICOA's internal control over financial reporting and compliance.



Albuquerque, New Mexico
December 6, 2023

NATIONAL INDIAN COUNCIL ON AGING, INC.
Statement of Financial Position
June 30, 2023 (With Comparative Totals as of June 30, 2022)

ASSETS

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|----------------------------|-------------------------|
| | | As restated |
| Current Assets | | |
| Cash and cash equivalents | \$ 630,791 | 389,632 |
| Investments | 2,855,736 | 3,371,652 |
| Grants and contracts receivable | 16,464 | 275,693 |
| Other accounts receivable, net | - | 1,536 |
| Prepaid expenses | 20,064 | 97,212 |
| Deposits | <u>7,423</u> | <u>7,423</u> |
| Total Assets | \$ <u>3,530,478</u> | <u>4,143,148</u> |

LIABILITIES

| | | |
|----------------------------------|----------------|----------------|
| Current Liabilities | | |
| Accounts payable | \$ - | 147,748 |
| Accrued liabilities | 80,432 | 256,123 |
| Deferred revenue | <u>48,215</u> | <u>-</u> |
| Total Current Liabilities | <u>128,647</u> | <u>403,871</u> |

Net Assets (deficit)

| | | |
|---|----------------------------|-------------------------|
| Without Donor Restrictions | | |
| Undesignated | 3,401,831 | 3,730,545 |
| With Donor Restrictions | | |
| Purpose/time restricted | <u>-</u> | <u>8,732</u> |
| Total Net Assets | <u>3,401,831</u> | <u>3,739,277</u> |
| Total Liabilities and Net Assets | \$ <u>3,530,478</u> | <u>4,143,148</u> |

See Notes to Financial Statements

NATIONAL INDIAN COUNCIL ON AGING, INC.
Statement of Activities
For the Year Ended June 30, 2023 (With Comparative Totals for the Year Ended June 30, 2022)

| | Without Donor Restrictions | With Donor Restrictions | Totals | |
|---|-------------------------------|----------------------------|------------------|---------------------|
| | | | 2023 | 2022 As restated |
| Revenue and Support | | | | |
| Federal grants | \$ 7,242,628 | - | 7,242,628 | 6,014,840 |
| Donations | 37,624 | - | 37,624 | 4,056,407 |
| In-kind contributions (services) | 1,351,726 | - | 1,351,726 | 1,851,598 |
| Contracts revenue | 89,794 | - | 89,794 | 160,458 |
| Conference revenue | 6,150 | - | 6,150 | 130,962 |
| Foundation grants | 7,304 | - | 7,304 | 110,520 |
| Membership dues | 33,825 | - | 33,825 | 26,800 |
| Other revenue | 17,521 | - | 17,521 | 23,403 |
| Investment return, net | 141,923 | - | 141,923 | (128,348) |
| Total Revenue and Support | 8,928,495 | - | 8,928,495 | 12,246,640 |
| Net Assets Released from Restriction | 8,732 | (8,732) | - | - |
| Total Revenue, Support, and Net Assets Released from Restriction | 8,937,227 | (8,732) | 8,928,495 | 12,246,640 |
| Expenses: | | | | |
| Program Services | | | | |
| Federal Programs | | | | |
| Senior Community Service Employment | 7,530,781 | - | 7,530,781 | 6,032,380 |
| Administration for Community Living | 406,779 | - | 406,779 | 545,593 |
| Non-Federal Programs | | | | |
| Diverse Elder Coalition | 50,190 | - | 50,190 | 56,659 |
| AARP Sponsoship | 10,720 | - | 10,720 | 12,102 |
| IA2 Healthy Brain | 3,088 | - | 3,088 | 3,486 |
| CDC Foundation | 163,975 | - | 163,975 | 185,111 |
| Total program Services | 8,165,533 | - | 8,165,533 | 6,835,331 |
| Management and general | 1,062,496 | - | 1,062,496 | 975,417 |
| Fundraising | 37,912 | - | 37,912 | 852,182 |
| Total Expenses | 9,265,941 | - | 9,265,941 | 8,662,930 |
| Changes in Net Assets | (328,714) | (8,732) | (337,446) | 3,583,710 |
| Net Assets, Beginning of Year | 3,730,545 | 8,732 | 3,739,277 | 155,567 |
| Net Assets, End of Year | \$ 3,401,831 | - | 3,401,831 | 3,739,277 |

See Notes to Financial Statements

NATIONAL INDIAN COUNCIL ON AGING, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023 (With Comparative Totals for the Year Ended June 30, 2022)

| Personnel | Program Services | | | | Management and General | | | Fundraising | 2023 Total | 2022 Total |
|---|------------------|---------|-------------|-----------|------------------------|------------|-----------|-------------|---------------|---------------|
| | Federal Programs | | Non-Federal | Total | Org. | Supporting | Total | | | |
| | SCSEP | ACL | Programs | | Activities | Services | Mgt & Gen | | | |
| Salaries and Wages | \$ 6,653,100 | 209,589 | 53,264 | 6,915,953 | 120,499 | 410,696 | 531,195 | 1,279 | 7,448,427 | 5,736,689 |
| Payroll taxes and employee benefits | 650,172 | 38,166 | 13,101 | 701,439 | 24,281 | 99,220 | 123,501 | 176 | 825,116 | 750,017 |
| Total salaries, payroll taxes and employee benefits | 7,303,272 | 247,755 | 66,365 | 7,617,392 | 144,780 | 509,916 | 654,696 | 1,455 | 8,273,543 | 6,486,706 |
| Internet serv./comm./advertising | 1,997 | 2,889 | 147 | 5,033 | 2 | 65 | 67 | 13,973 | 19,073 | 1,116,982 |
| Professional/legal/auditing services | 25,196 | 122,692 | 146,968 | 294,856 | 2,213 | 98,997 | 101,210 | - | 396,066 | 494,119 |
| Travel-staff/board | 73,954 | 9,852 | - | 83,806 | 74,568 | 17,289 | 91,857 | 196 | 175,859 | 136,639 |
| Office/storage rent | 27,657 | 9,254 | 1,794 | 38,705 | 3,857 | 31,619 | 35,476 | 82 | 74,263 | 69,222 |
| Conference expenses | - | - | - | - | 17,119 | 371 | 17,490 | - | 17,490 | 55,316 |
| Office supplies/expenses | 4,353 | 482 | 75 | 4,910 | 1,064 | 13,998 | 15,062 | 17,530 | 37,502 | 50,273 |
| Technical/software support | 13,524 | 1,728 | 495 | 15,747 | 674 | 25,102 | 25,776 | 8 | 41,531 | 43,630 |
| Insurances | 9,750 | 1,199 | 395 | 11,344 | 5,916 | 19,920 | 25,836 | 13 | 37,193 | 36,625 |
| Non-capital furniture/equipment | 2,801 | - | - | 2,801 | - | 19,307 | 19,307 | - | 22,108 | 29,791 |
| Telephone | 16,636 | 1,411 | 222 | 18,269 | 225 | 5,097 | 5,322 | 4 | 23,595 | 27,018 |
| Postage/printing expense | 24,485 | 417 | 7,760 | 32,662 | 4,791 | 12,801 | 17,592 | 943 | 51,197 | 23,189 |
| Staff development | 4,397 | 830 | - | 5,227 | - | 8,292 | 8,292 | 35 | 13,554 | 19,586 |
| Membership/subscriptions/admin fees | 207 | - | 3,144 | 3,351 | 10,028 | 7,307 | 17,335 | - | 20,686 | 18,923 |
| Equipment maintenance/rental | 6,907 | 387 | 34 | 7,328 | 2,642 | 5,505 | 8,147 | 3 | 15,478 | 15,510 |
| Registration | 12,569 | 7,878 | - | 20,447 | - | 5,916 | 5,916 | - | 26,363 | 13,035 |
| State taxes/fees/registrations | - | - | - | - | - | 144 | 144 | 3,602 | 3,746 | 8,744 |
| Bank service charge | - | - | - | - | 2,410 | 3,303 | 5,713 | 68 | 5,781 | 6,557 |
| Awards/recognition/incentives | - | - | 574 | 574 | 56 | - | 56 | - | 630 | 3,391 |
| Meals/food/moving expenses | - | - | - | - | 2,737 | - | 2,737 | - | 2,737 | 1,887 |
| Outreach materials/education supplies | 168 | 5 | - | 173 | 75 | 109 | 184 | - | 357 | 1,459 |
| Participant expenses | 2,454 | - | - | 2,454 | - | - | - | - | 2,454 | 1,430 |
| Penalty/finance charges/misc. | - | - | - | - | 1,446 | - | 1,446 | - | 1,446 | 972 |
| Board meeting costs | - | - | - | - | 1,747 | - | 1,747 | - | 1,747 | 564 |
| COBRA administration for staff | - | - | - | - | - | 336 | 336 | - | 336 | 480 |
| Leased property taxes | - | - | - | - | - | 752 | 752 | - | 752 | 390 |
| Infrastructure costs | 454 | - | - | 454 | - | - | - | - | 454 | 292 |
| Honorarium | - | - | - | - | - | - | - | - | - | 200 |
| | \$ 7,530,781 | 406,779 | 227,973 | 8,165,533 | 276,350 | 786,146 | 1,062,496 | 37,912 | 9,265,941 | 8,662,930 |

See Notes to Financial Statements

NATIONAL INDIAN COUNCIL ON AGING, INC.
Statement of Functional Expenses (Comparative Purposes Only)
For the Year Ended June 30, 2022 (With Comparative Totals for the Year Ended June 30, 2021)

| Personnel | Program Services | | | | Management and General | | | Fundraising | 2022 Total | 2021 Total |
|---|------------------|---------|-------------|-----------|------------------------|------------|-----------|-------------|---------------|---------------|
| | Federal Programs | | Non-Federal | Total | Org. | Supporting | Total | | | |
| | SCSEP | ACL | Programs | | Activities | Services | Mgt & Gen | | | |
| Salaries and Wages | \$ 5,124,138 | 161,423 | 41,023 | 5,326,584 | 92,807 | 316,313 | 409,120 | 985 | 5,736,689 | 5,101,141 |
| Payroll taxes and employee benefits | 590,996 | 34,692 | 11,909 | 637,597 | 22,071 | 90,189 | 112,260 | 160 | 750,017 | 680,268 |
| Total salaries, payroll taxes and employee benefits | 5,715,134 | 196,115 | 52,932 | 5,964,181 | 114,878 | 406,502 | 521,380 | 1,145 | 6,486,706 | 5,781,409 |
| Internet serv./comm./advertising | 116,923 | 169,182 | 8,622 | 294,727 | 107 | 3,830 | 3,937 | 818,318 | 1,116,982 | 24,578 |
| Professional/legal/auditing services | 31,433 | 153,066 | 183,353 | 367,852 | 2,761 | 123,506 | 126,267 | - | 494,119 | 173,144 |
| Travel-staff/board | 57,461 | 7,655 | - | 65,116 | 57,938 | 13,433 | 71,371 | 152 | 136,639 | 3,695 |
| Office/storage rent | 25,780 | 8,626 | 1,672 | 36,078 | 3,595 | 29,473 | 33,068 | 76 | 69,222 | 84,360 |
| Conference expenses | - | - | - | - | 54,142 | 1,174 | 55,316 | - | 55,316 | - |
| Office supplies/expenses | 5,836 | 646 | 100 | 6,582 | 1,426 | 18,765 | 20,191 | 23,500 | 50,273 | 29,578 |
| Technical/software support | 14,208 | 1,815 | 520 | 16,543 | 708 | 26,371 | 27,079 | 8 | 43,630 | 27,255 |
| Insurances | 9,600 | 1,181 | 389 | 11,170 | 5,826 | 19,616 | 25,442 | 13 | 36,625 | 12,383 |
| Non-capital furniture/equipment | 3,774 | - | - | 3,774 | - | 26,017 | 26,017 | - | 29,791 | 34,507 |
| Telephone | 19,049 | 1,616 | 254 | 20,919 | 258 | 5,836 | 6,094 | 5 | 27,018 | 9,875 |
| Postage/printing expense | 11,090 | 189 | 3,515 | 14,794 | 2,170 | 5,798 | 7,968 | 427 | 23,189 | 20,443 |
| Staff development | 6,355 | 1,199 | - | 7,554 | - | 11,982 | 11,982 | 50 | 19,586 | 15,817 |
| Membership/subscriptions/admin fees | 190 | - | 2,876 | 3,066 | 9,173 | 6,684 | 15,857 | - | 18,923 | 5,982 |
| Equipment maintenance/rental | 6,922 | 388 | 34 | 7,344 | 2,647 | 5,516 | 8,163 | 3 | 15,510 | 15,405 |
| Registration | 6,215 | 3,895 | - | 10,110 | - | 2,925 | 2,925 | - | 13,035 | 3,212 |
| State taxes/fees/registrations | - | - | - | - | - | 336 | 336 | 8,408 | 8,744 | 6,789 |
| Bank service charge | - | - | - | - | 2,734 | 3,746 | 6,480 | 77 | 6,557 | 6,130 |
| Awards/recognition/incentives | - | - | 3,091 | 3,091 | 300 | - | 300 | - | 3,391 | 2,484 |
| Meals/food/moving expenses | - | - | - | - | 1,887 | - | 1,887 | - | 1,887 | - |
| Outreach materials/education supplies | 688 | 20 | - | 708 | 306 | 445 | 751 | - | 1,459 | 7,255 |
| Participant expenses | 1,430 | - | - | 1,430 | - | - | - | - | 1,430 | 556 |
| Penalty/finance charges/misc. | - | - | - | - | 972 | - | 972 | - | 972 | 1,591 |
| Board meeting costs | - | - | - | - | 564 | - | 564 | - | 564 | - |
| COBRA administration for staff | - | - | - | - | - | 480 | 480 | - | 480 | 360 |
| Leased property taxes | - | - | - | - | - | 390 | 390 | - | 390 | - |
| Infrastructure costs | 292 | - | - | 292 | - | - | - | - | 292 | 279 |
| Honorarium | - | - | - | - | 200 | - | 200 | - | 200 | - |
| | \$ 6,032,380 | 545,593 | 257,358 | 6,835,331 | 262,592 | 712,825 | 975,417 | 852,182 | 8,662,930 | 6,267,087 |

See Notes to Financial Statements

NATIONAL INDIAN COUNCIL ON AGING, INC.**Statement of Cash Flows****For the Year Ended June 30, 2023 (With Comparative Totals for the Year Ended June 30, 2022)**

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| | | As restated |
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ (337,446) | \$ 3,583,710 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | | |
| Net unrealized loss (gain) on investments | (139,832) | 134,762 |
| Changes in operating assets: | | |
| Grants and contracts receivables | 259,229 | 72,064 |
| Other receivables | 1,536 | (649) |
| Prepaid expenses | 77,148 | (44,072) |
| Deposits | - | 1,060 |
| Changes in operating liabilities: | | |
| Accounts payable | (147,748) | 66,611 |
| Accrued expenses | (175,691) | 8,818 |
| Deferred Revenue | 48,215 | (222,148) |
| Net cash provided (used) by operating activities | <u>(414,589)</u> | <u>3,600,156</u> |
| Cash Flows from Investing Activities | | |
| Purchases of investments | - | (3,500,000) |
| Proceeds from sale of investments | 650,000 | - |
| Reinvestment of dividend and interest income, net of expenses | 5,748 | (6,414) |
| Net cash provided (used) in investing activities | <u>655,748</u> | <u>(3,506,414)</u> |
| Net increase in cash and cash equivalents | 241,159 | 93,742 |
| Cash and cash equivalents, beginning of year | <u>389,632</u> | <u>295,890</u> |
| Cash and cash equivalents, end of year | <u>\$ 630,791</u> | <u>\$ 389,632</u> |
| Non-Cash Flow Information | | |
| In-kind contributions (services) | <u>\$ 1,351,726</u> | <u>\$ 1,851,598</u> |

See Notes to Financial Statements

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 1. NATURE OF ACTIVITIES

National Indian Council on Aging, Inc. (NICOA), is a not-for-profit 501(c)(3) Washington D.C. organization incorporated in 1976 to facilitate and improve services to American Indian and Alaska Native elders, including assistance with job training, providing information on rights, and testifying before federal and state legislatures on behalf of elderly American Indians. Program participants reside primarily in the Western United States, including New Mexico, Arizona, Oklahoma, Wisconsin, Minnesota, North Dakota, and South Dakota. Employment programs are funded through the U.S. Department of Labor. Other programs are funded through the U.S. Department of Health and Human Services and various grants.

Programs currently operated by NICOA include:

Senior Community Service Employment Program

The Senior Community Service Employment Program (SCSEP) is funded by the U.S Department of Labor. SCSEP's purpose in the Act is "to foster individual self-sufficiency and promote useful opportunities in community service for unemployed low-income persons who are age 55 or older, particularly persons who have poor employment prospects; and to increase the number of persons who may enjoy the benefits of unsubsidized employment in both the public and private sectors." NICOA is a national grantee of SCSEP funds set-aside for American Indian/Alaska Native national aging organizations. NICOA's SCSEP mission is to provide opportunities for low-income elders through paid training, meaningful community service, and skills development.

Strengthening Aging Services for Minority Populations Through Technical Assistance, Resource Development, and Program Coordination

Applicants can receive a maximum of two awards for the Minority Aging Technical Assistance & Resource Center (TARC) Program and the Coordinating Center for Minority Aging TARC Programs. Minority Aging TARC Program will provide up to five cooperative agreements. The program aims to develop training and technical assistance to meet the multi-faceted needs of diverse older adult populations in areas such as economic security, access to services, and trauma-informed approaches. It also aims to develop approaches for aging and human services network agencies to better serve diverse older adults, their families, and caregivers. Each cooperative agreement will focus on one of the following diverse older adult populations: African American, Hispanic, Asian Pacific Islander, Native American, and LGBT. Coordinating Center for Minority Aging TARC Program offers a maximum of one award. The Coordinating Center will ensure that the five Minority Aging TARC Programs work together as a cohesive unit, share information, and serve as an integrated resource for the Aging Network. It will develop methods to ensure that the programs are effectively coordinated in their technical assistance efforts and explore opportunities to expand their focus to other diverse populations. The proposed new Coordinating Center has three primary objectives: to explore ways to effectively reach target populations, work with other ACL-funded resource centers, and support opportunities for the grantees to replicate and translate best practices to the disability services networks. The funding opportunities aim to improve the capacity of the aging services network to better target and serve diverse populations.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 1. NATURE OF ACTIVITIES (CONTINUED)

Tribal Long-Term Services and Supports Resource Center

The purpose of this funding opportunity is to support the formation of a Long-Term Services and Supports in Indian Country National Resource Center (LTSSICNRC). The ACL will fund the LTSSICNRC which is national in scope to work with tribes to develop a plan for expanded home and community-based supports (HCBS) using the Centers for Medicare and Medicaid (CMS) Long Term Services and Supports (LTSS) Roadmap website. The LTSS website offers a step-by-step planning process for addressing the many aspects of the LTSS. The LTSSICNRC will assist tribes in using the LTSS Roadmap to plan an appropriate LTSS response for their specific communities.

Diverse Elder Coalition (DEC) – John A. Hartford Foundation

The DEC's project goals are as follows: (1) Increased awareness among the general public, policymakers, and the aging services field about the economic, social, and health equity issues facing diverse elders and how these issues intersect across racial, ethnic, and cultural communities (2) Improved awareness of the significance of public benefits and entitlements to fostering the economic security and overall well-being of diverse elders. (3) Improved media coverage on issues of concern to diverse elder communities. (4) Increased mobilization across sectors (e.g., policymakers, providers, advocates, and elder communities) to protect, preserve, and expand services and benefits/entitlements for economically vulnerable and marginalized elders. (5) Increased awareness of, support for, and implementation of promising models to: leverage the strengths and skills of older adults; increase the capacity of culturally, linguistically, and LGBT-competent community-based organizations to deliver more programs and services to those most in need; expand holistic, individualized case management services that prevent elders from falling through the cracks of an often fragmented, uncoordinated network of aging services; and creating affordable linguistically and culturally appropriate senior housing. (6) Increased participation and influence of diverse elders in settings where key programs and policies (including benefits/entitlements) are discussed, debated, and established. (7) Increased efforts by the DEC members to educate their constituencies on the DEC's inclusive framework so that more elders in more communities can "connect the dots" between the challenges they face and those confronting elders in other racial, ethnic, and cultural communities and then act on this awareness. (8) More equitable distribution of public funding for aging programs to expand support for culturally competent services.

Diverse Elder-State Partners and Consumer Health Advocates Project-MOU

The purpose of the Memorandum of Understanding (MOU) is to establish a collaborative partnership between the Diverse Elder Coalition (DEC), its state partners and Community Catalyst (CC), and their state consumer advocates. Over the course of the collaboration, DEC state partners and CC state consumer health advocates will work in partnership to improve health insurance coverage and benefits for older people of color and lesbian, gay, bisexual, transgender (LGBT) older people under the Affordable Care Act (ACA), as well as their overall health and well-being in New Mexico.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 1. NATURE OF ACTIVITIES (CONTINUED)

Wells Fargo Foundation

This \$400,000 multi-year grant from the Wells Fargo Foundation shall be utilized by NICOA for Native capacity building. NICOA's mission aligns with Wells Fargo's commitment to help address the unique economic and social needs of the American Indian/Alaska Native (AI/AN) population. Through this grant program, NICOA shall build organizational capacity and provide support for improved comprehensive health, social services, and economic wellbeing for American Indian and Alaska Native elders. The funds will be used by NICOA to ensure it has the capacity to grow and to ensure its long-term sustainability. Quantifiable indicators of success will include: 1.) hosting a successful strategic planning session with relevant staff, board members, key stakeholders, and receiving consultation on future directions for the organization, 2.) hiring staff dedicated to writing pertinent grants and improving NICOA's fundraising capacities, and 3.) providing educational webinars on social services and important policies that impact AI/AN elders. By utilizing these grant funds, NICOA expects to impact Indian Country with improved knowledge of services and service eligibility among elders, improve communication between tribal leadership and tribal elders about resource allocation for program and service development, and strengthen NICOA's position in Indian Country as the premier advocate for AI/AN elder issue.

International Association for Indigenous Aging

NICOA contracted to work with the International Association for Indigenous Aging (IA2) on the "A Collaborative Approach to the Healthy Brain Initiative's Road Map for Indian Country: Honoring Sovereignty, Culture, Diversity, and Tradition" program.

Activities in support of the program include:

- Identify needs related to brain health and cognitive impairment among target population.
- Develop and/or adapt existing information products to inform target population about important issues in brain health, cognitive impairment, and caregiving.
- Work with community members to understand brain health, early warning signs of dementia, and benefits of early detection and diagnosis for persons with dementia and their caregivers.
- Promote engagement among tribal leaders in dementia issues by offering information and education on the basics of brain health and cognitive impairment, the impact of dementia on caregivers and communities, and the role of public health approaches in addressing this priority problem.

Centers for Disease Control and Prevention (CDC) Foundation

NICOA contracted to work with the CDC Foundation on a project for "maintaining physical and mental well-being of older adults and their caregivers during public health emergencies." NICOA will be paid a fee of \$199,920 in three installments contingent on specified milestones and deliverables.

AARP

AARP served as a sponsor of 2 NICOA events. NICOA was paid a sponsorship fee of \$25,000.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than when received and expenses are recognized when the related liability is incurred rather than when paid.

B. Basis of Presentation

NICOA prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections Financial Statements of Not-for-Profit Organizations. Under 958-205, NICOA is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

C. Net Asset Classifications

Net Assets without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of NICOA. NICOA's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions-Time/Purpose—Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. See Net Assets with Donor Restrictions Note 9.

Net Assets with Donor Restrictions-Perpetual in Nature—Net assets with perpetual donor restrictions resulting from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the Organization. NICOA has no donor restricted net assets that are perpetually restricted.

D. Cash, Restricted Cash, and Cash Equivalents

NICOA considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. NICOA maintains deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits. See Note 2 for cash accounts.

E. Concentration of Custodial Credit Risk-Uninsured Cash Balances

Custodial credit risk is the risk that in the event of a bank failure, NICOA's deposits may not be returned to it. NICOA does not have a custodial credit risk policy requiring collateral on all deposits exceeding Federal Deposit Insurance Corporation (FDIC) limits. Bank deposits are insured by the FDIC up to \$250,000 per depositor per institution for interest and noninterest-bearing accounts. NICOA maintains its cash funds in financial institutions located in Albuquerque, NM.

At June 30, 2023, cash balances exceeded the FDIC's coverage limit of \$250,000 by \$122,283.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prepaid Expense

Prepaid expenses represent workers' compensation premiums and health insurance premiums paid at the end of the fiscal year for the coverage that extends through part of the following year. Also included are rents paid in advance, technical support, insurance, travel, and prepaid conference costs (only in non-conference years).

G. Property, Equipment, and Depreciation

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized and depreciated on a straight-line basis over their estimated useful life of seven years. Property and equipment are stated at cost, or, if donated, at the estimated fair value on the date of donation.

H. Functional Expense

The financial statements report certain categories of expenses that are attributable to one or more services provided by the organization. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated among the services on the following basis: Salary and other personnel costs that are not directly coded to a programmatic activity but are allocated based on time certifications and the best estimate of employees. Building maintenance, and depreciation expenses are allocated among the programs and supporting services benefited. Other operating costs are allocated using various allocation methodologies including allocations based on personnel, square footage, or revenue generated.

The functional expense allocation ratios for the years ended June 30 are as follows:

| Expense Allocation | 2023 | 2022 |
|--------------------|---------|---------|
| Program | 88.12% | 78.90% |
| General and Admin | 11.47% | 11.26% |
| Fundraising | 0.41% | 9.84% |
| | 100.00% | 100.00% |

I. Indirect Cost Rate

Per NICOA's indirect cost rate agreement with the federal government, administrative and indirect costs related to its federal grant revenue are covered as follows:

| | | 2023 | | | |
|----------------|----|---------|---------|----------------------|---------|
| | | SCSEP | ACL | Non-Federal Programs | Total |
| Indirect costs | \$ | 362,131 | 144,853 | 36,213 | 543,197 |
| | | 2022 | | | |
| | | SCSEP | ACL | Non-Federal Programs | Total |
| Indirect costs | \$ | 376,811 | 96,430 | 25,462 | 498,703 |

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Advertising

The cost of advertising is expensed when incurred or when the first advertising takes place. NICOA does not participate in direct-response advertising, which requires the capitalization and amortization of related costs. Advertising expense totaled \$5,594 and \$11,648 for the years ending June 30, 2023 and 2022, respectively.

K. Revenue Recognition

I. Conference Revenue and Related Expense

Conference revenue and related expenses generated from a biennial conference hosted by NICOA consist of registration fees and direct costs of producing the conference. This revenue is reported at the amount that reflects the consideration to which NICOA expects to be entitled in exchange for providing the conference to the participants. Conference fees cover keynote speakers, informational workshops, and other resources to help elders age at home and in their own communities. Performance obligations are determined based on the nature of the conference provided by NICOA. Performance obligations are met, and revenue is recognized when the conference is held. Registration fees received in advance of the conference are recorded as deferred revenue on the statement of financial position until the conference has taken place and the earnings process is substantially complete.

II. Conditional Contributions

NICOA receives several governmental grants in which the grantor provides funding. The terms of the grants specify that NICOA must incur certain qualifying expenses or costs in compliance with the rules and regulations established by the grantor. These grant funds are paid predominately on a cost-reimbursement basis, but there can be upfront payments received at the beginning of the grant cycle. The advance payments are considered unearned revenue until services are provided. For expedient purposes, these amounts are recorded as revenue as the services will soon be provided and "trued up" at year-end, if necessary. Any advances of upfront payments must be returned, if unused. Any unused assets are forfeited, and any unallowed costs that have drawn down by NICOA are required to be refunded. These grants are determined to be conditional as they are required to be spent on qualifying expenses and therefore the revenue is recognized once NICOA has incurred the qualifying expenses. These grants are recorded without donor restrictions. Grants are utilized for the following programs: Senior Community Service Employment Program and Administration for Community Living, among others.

III. Contract Revenue

NICOA has contracted with several agencies to provide services related to its mission. These contract revenues are recorded at the time the services are provided and the performance obligation is satisfied. The performance obligation is the delivery of the services over time provided to the participants in the program. The transaction price is established by NICOA and the Contractor per the agreement. No allocation of the transaction price of the services is necessary. The recognition method is based on participants served, i.e., the output method. Specifically, when NICOA has provided the service in compliance with the general and specific requirements of the contract, both the receivable to the agency and offsetting contract revenue are recorded. Contracts are utilized for the following programs: DEC-John A. Hartford Foundation, Wells Fargo Foundation, and the International Association for International Aging. See Note 1-A for program description.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Revenue Recognition (Continued)

IV. Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Gifts of cash and other assets are reported as support with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In the year ended June 30, 2022, NICOA received a \$4,000,000 one-time gift from Mackenzie Scott through the National Philanthropic Trust.

V. Donated Services and Materials

Donated services are recognized as contributions in accordance with FASB 958-605 if the services enhance or create nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are recorded as contributions at their estimated fair market value at the date of donation and/or actual rates of pay.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, NICOA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. NICOA reclassifies net assets with donor restrictions to net assets without donor restrictions when the restrictions have been satisfied.

Occasionally, volunteers donate time to NICOA's program and administration. As these services do not qualify for recognition as donated services in accordance with FASB 958-605, they are not recorded as revenue and expense.

L. Income Taxes

Income taxes are not provided for in the financial statements since NICOA is exempt from the federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. NICOA is not classified as a private foundation.

NICOA files their Federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. NICOA is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2019. The organization is not currently under audit nor has the organization been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Leases

In fiscal year ended June 30, 2023, the Company adopted new accounting standards for leases, requiring recognition of right of use assets and lease liability in the statement of financial position. The Company has elected to apply the short term lease exception with all leases with a term of one year or less.

N. Fair Value Measurements and Financial Instruments

Authoritative guidance for fair value measurements defines fair value as the price that would be received upon sale of an asset or the price paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e. the “exit price”). The guidance utilizes a fair value hierarchy that prioritizes the inputs used in valuation techniques to measure fair value into three broad levels. The following is a brief description of each level:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity’s own assumptions. The carrying amounts of cash, restricted cash, and cash equivalents, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments.

O. Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Compensated Absences Payable

NICOA accrues annual leave as the benefit is earned by employees. Eligible employees accrue annual leave based upon their FTE status and according to tenure of employment. Immediately upon hire, employees earn 4 hours of annual leave each pay period. After one year of employment, employees will earn 5 hours each pay period. After three years, employees will earn 6 hours per pay period up to a maximum of 19.50 days of vacation. Employees also earn an additional amount of paid annual leave based on a certain number of years with NICOA as follows:

| Years of Service | Hours |
|------------------|-------|
| 10 | 40 |
| 15 | 60 |
| 20 | 80 |
| 25 | 100 |
| 30 | 120 |

Annual leave pay is not granted in lieu of taking the actual time off. Annual leave hours accrued by employees over 80 hours at fiscal year-end are not lost to the employee, however a limit of 80 hours is used for the annual leave accrual calculation. Accrued annual leave for each employee can be carried over to the following calendar year, up to a maximum of 80 hours.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Liquidity and Availability of Financial Resources

NICOA regularly monitors liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. NICOA is not substantially supported by restricted grants. Because a donor's restriction required resources to be used in a particular manner or in a future period, NICOA must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of NICOA's liquidity management, it has an informal policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, NICOA can invest cash in excess of daily requirements in short-term investments. Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance.

| Financial assets at year end | 2023 | 2022 |
|--|--------------|-----------|
| Cash and cash equivalents | \$ 630,791 | 389,632 |
| Investments | 2,855,736 | 3,371,652 |
| Receivables, net | 16,464 | 347,229 |
| | 3,502,991 | 4,108,513 |
| Less amounts not available to be used within a year: | | |
| Net assets with donor restrictions | - | 8,732 |
| Less net assets with purpose/time restrictions to be met in less than a year | - | (8,732) |
| Current assets available to meet cash needs for general expenditures with one year | \$ 3,502,991 | 4,108,513 |

R. Prior Year Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not in each net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NICOA's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

In addition, the 2022 functional allocation of expenses with 2021 comparative balances, as identified in the table of contents, are for comparative purposes only and were derived from NICOA's financial statements for the year ended June 30, 2022. The auditors have not given an opinion on this comparative financial statement in its independent auditor's report.

S. Reclassifications

Certain reclassifications may have been made to the 2022 summarized financial statement information to conform to the current year presentation.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 3. CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

At June 30, cash, restricted cash, and cash equivalents were the following:

| | <u>2023</u> | <u>2022</u> |
|------------|-------------------|----------------|
| US Bank: | | |
| Operating | \$ 119,261 | 358,473 |
| Payroll | 511,430 | 31,059 |
| Petty cash | 100 | 100 |
| Total | <u>\$ 630,791</u> | <u>389,632</u> |

There is no restricted cash at June 30, 2023. Restricted cash at June 30, 2022 is \$8,732 and is included in the operating account above. Cash is restricted for DEC-Hartford Foundation grant purposes as identified in Note 9.

NOTE 4. INVESTMENTS

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Quoted market prices, when available, are used to value investments. Purchases and sales of securities are recorded on a trade-date basis. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Realized and unrealized gains and losses, as well as investment expenses are reflected within the investment return, net, in the statement of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets with donor-imposed restrictions until the donor-imposed restrictions have been met. Investments are classified based on their original maturities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NICOA's investment balances are as follows at June 30:

| | Fair Value Level | <u>2023</u> | <u>2022</u> |
|----------------------------|---------------------|---------------------|------------------|
| Cash and cash alternatives | Level 1 | \$ 65,515 | 74,043 |
| Exchange traded funds | Level 1 | 1,141,218 | 2,487,447 |
| Equity | Level 1 | 1,238,708 | - |
| Mutual funds | Level 1 | 209,383 | - |
| Fixed Income Securities | Level 2 | 200,912 | 810,162 |
| Total | | <u>\$ 2,855,736</u> | <u>3,371,652</u> |

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 4. INVESTMENTS (CONTINUED)

NICOA's investment activity for the year ended June 30 is as follows:

| | 2023 | 2022 |
|-------------------------|---------------------|------------------|
| Beginning balance | \$ 3,371,652 | - |
| Deposits | - | 3,500,000 |
| Withdrawals | (650,000) | - |
| Interest | 123 | 4 |
| Dividend | 34,406 | 17,697 |
| Fees | (40,277) | (11,287) |
| Unrealized gains/losses | 139,832 | (134,762) |
| Ending balance | \$ <u>2,855,736</u> | <u>3,371,652</u> |

Investment Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a counterparty (e.g., broker-dealer) to a transaction, NICOA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. NICOA does not currently have a formal investment policy and therefore there is no legal or policy requirements that limit the exposure to custodial credit risk for deposits or investments.

Cash and securities held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of a broker-dealer failure, up to \$500,000 on each account with a limit of \$250,000 of claims on uninvested cash balances, however, SIPC does not protect the value of the balances.

NOTE 5. RECEIVABLES

NICOA uses the allowance method to value estimated uncollectible grants and other receivables. The estimate is based on historical evidence and other known facts and circumstances. Balances over 90 days old are considered delinquent and are analyzed for collectability.

Receivable as of June 30 are as follows:

| | 2023 | 2022 |
|----------------|------------------|----------------|
| Federal Grants | \$ 16,464 | 275,693 |
| Other | - | 1,536 |
| Total | \$ <u>16,464</u> | <u>277,229</u> |

Management considers all receivables fully collectible, and therefore, no allowance has been recorded.

NOTE 6. PROPERTY, EQUIPMENT, AND DEPRECIATION

NICOA does not have any property and equipment.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 7. PAYROLL RELATED LIABILITIES AND COMPENSATED ABSENCES

Payroll related liabilities and compensated absences at June 30 were as follows:

| | | 2023 | 2022 |
|-----------------------|----|---------------|----------------|
| Accrued payroll | \$ | - | 173,627 |
| Accrued payroll taxes | | 22,038 | 38,521 |
| Compensated absences | | 58,394 | 43,975 |
| Total | \$ | <u>80,432</u> | <u>256,123</u> |

NOTE 8. DEFERRED REVENUES

Deferred revenues at June 30 consisted of the following:

| | | 2023 | 2022 |
|-------------------------|----|---------------|----------|
| Conference registration | \$ | 21,175 | - |
| Conference – other | | 27,040 | - |
| Ending balance | \$ | <u>48,215</u> | <u>-</u> |

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

NICOA’s net assets with donor restrictions at June 30 were as follows:

| <u>Restricted net assets</u> | <u>Grant #</u> | <u>Type of Restriction</u> | <u>2022</u> | <u>Additions</u> | <u>Released</u> | <u>2023</u> |
|------------------------------|----------------|----------------------------|------------------|------------------|-----------------|-------------|
| DEC - John A. Hartford Fdn. | 5022 | Purpose | \$ 8,732 | - | (8,732) | - |
| DEC - John A. Hartford Fdn. | 5023, 5024 | Time | 70,000 | - | (70,000) | - |
| Total | | | <u>\$ 78,732</u> | <u>-</u> | <u>(78,732)</u> | <u>-</u> |

NOTE 10. RETIREMENT PLAN

NICOA’s retirement plan consists of SIMPLE IRA accounts. NICOA contributes 2% of employees’ earnings once an employee becomes eligible to participate, after 180 days of employment. NICOA’s contributions to the retirement plan were as follows:

| | | 2023 | 2022 |
|-------------------------------|----|---------------|---------------|
| Retirement plan contributions | \$ | <u>23,130</u> | <u>22,551</u> |

NOTE 11. COMMITMENTS AND CONTINGENCIES

Grant and Indirect Cost Rate Finalization

The grants managed by NICOA are subject to a closing audit process by federal granting agencies subsequent to the end of a grant period. Included in federal and other program grant expenses in the accompanying statement of activities are funds paid to general and administrative costs, and indirect costs charged to each program based on a provisional allocation rate. Final indirect cost rates through 2021 and provisional rates through 2023 have been approved by the U.S. Department of Labor. In 2023, NICOA operated under a provisional rate approved by the U.S. Department of Labor of 32%.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concentration of Revenue

NICOA receives the majority of its funding from federal grants, which are subject to possible cutbacks due to changes in funding priorities. Should NICOA lose program funding, management believes that NICOA would be able to receive program funding from other resources. NICOA is actively seeking donations from sources other than federal entities.

Concentration of revenues is as follows:

| <u>Significant Concentrations</u> | <u>2023</u> | <u>2022</u> |
|-----------------------------------|---------------------|-------------------|
| Federal grants | \$ 7,242,628 | 6,014,840 |
| In-kind (federal match) | 1,351,726 | 1,851,598 |
| Total | <u>\$ 8,594,354</u> | <u>7,866,438</u> |
| | | |
| Total revenue | <u>8,928,495</u> | <u>12,316,640</u> |
| Concentration percentage | <u>96%</u> | <u>64%</u> |

NOTE 12. RELATED PARTY TRANSACTIONS

NICOA hired the Executive Director's wife as a consultant on the LTSS and HDRC-TARC grants. Payments totaled \$35,121 and \$26,250 for the years ending June 30, 2023 and 2022, respectively.

NOTE 13. OPERATING LEASES

NICOA leases or has long-term contracts for the following items noted below. NICOA also has various operating leases and contracts that renew on a month-to-month or on an annual basis.

| | <u>Facilities</u> | <u>Equipment</u> | <u>Totals</u> |
|------|-------------------|------------------|---------------|
| 2024 | \$ <u>67,182</u> | <u>990</u> | <u>68,172</u> |

Total lease expenses were as follows:

| | <u>2023</u> | <u>2022</u> |
|----|---------------|---------------|
| \$ | <u>74,263</u> | <u>78,861</u> |

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Financial Statements
June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

NOTE 14. IN-KIND CONTRIBUTIONS

NICOA recognizes contribution revenue for certain materials and services received at the fair value of those donations at June 30, as follows:

| Nonfinancial Asset | 2023 | 2022 | Usage in Programs/Activities | Donor Restriction | Fair Value Techniques |
|----------------------------------|------------------|------------------|------------------------------|-------------------|-----------------------|
| Advertising | - | 1,092,705 | SCSEP/ACL/Fundraising | None | 1 |
| Federal match – supervisor wages | 1,267,850 | 592,699 | SCSEP | None | 2 |
| Contributed staff wages | 56,674 | 117,564 | SCSEP/ACL | None | 2 |
| Consultants | 27,202 | 48,630 | ACL | None | 1 |
| Total | <u>1,351,726</u> | <u>1,851,598</u> | | | |

*Fair Value Techniques

1. Estimated wholesale prices of identical or similar products/services if purchased in the region.
2. Estimated based on current wage rates provided by NICOA.

NOTE 15. RESTATEMENT OF FINANCIAL STATEMENTS

NICOA has overstated accounts receivable and revenues by \$70,000 in the 2022 financial statements. NICOA created a journal entry to record \$70,000 of accounts receivable for a grant that had ended in 2022, therefore all funds had already been received by NICOA. NICOA reversed the journal entry in the current year, leading to a restatement of 2022 balances.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. NICOA recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. NICOA’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. NICOA has evaluated subsequent events through December 6, 2023, which is the date the financial statements were available to be issued.

FEDERAL COMPLIANCE SECTION

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 and Management of
National Indian Council on Aging, Inc.

We have audited, 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, the financial statements of National Indian Council on Aging, Inc. (NICOA) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NICOA's internal control over financial reporting (internal control) as a basis for designing 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 NICOA's internal control. Accordingly, we do not express an opinion on the effectiveness of NICOA'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 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NICOA'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*.

NICOA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on NICOA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. NICOA's response was not subjected to the other auditing procedures applied in the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico
December 6, 2023

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

Board of Directors and Management of
National Indian Council on Aging, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited National Indian Council on Aging, Inc. (NICOA) (a nonprofit organization)'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 NICOA's major federal programs for the year ended June 30, 2023. NICOA'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, NICOA 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 NICOA 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 NICOA'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 the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NICOA'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 NICOA'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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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 substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NICOA'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 NICOA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NICOA'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NICOA'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on NICOA's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. NICOA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on NICOA's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. NICOA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico

December 6, 2023

**NATIONAL INDIAN COUNCIL ON AGING, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

| <u>Federal/Pass-Through/Agency</u> | <u>Federal Assistance Listing Number</u> | <u>Federal Award Number</u> | <u>Expenditures and Transfers</u> |
|---|--|---------------------------------|---------------------------------------|
| <u>U.S. Department of Labor</u> | | | |
| Direct Programs | | | |
| Senior Community Service Employment Program | 17.235* | AD-36278-21-60-A-35 | \$ 3,122,939 |
| Senior Community Service Employment Program | 17.235* | AD-36269-21-60-A-35 | 3,804,597 |
| <i>Passed through the State of Oklahoma</i> | | | |
| Senior Community Service Employment Program | 17.235* | 8300001171 | <u>99,580</u> |
| Total U.S. Department of Labor | | | <u>7,027,116</u> |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Direct Programs | | | |
| Special Programs for the Aging, Title IV, and Title II, Discretionary Projects | 93.048 | 90HDRC0006-01-00 | - |
| Special Programs for the Aging, Title IV, and Title II, Discretionary Projects | 93.048 | 90HDRC0006-02-00 | <u>215,512</u> |
| Total U.S. Department of Health and Human Services | | | <u>215,512</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 7,242,628</u> |
| <u>Reconciliation to Financial Statements</u> | | | |
| Federal award expenditures reported on the SEFA | | | \$ 7,242,628 |
| Federal revenues per the Statement of Activities | | | <u>7,242,628</u> |
| Difference | | | <u>\$ -</u> |

* Denotes major program

See accompanying notes

NATIONAL INDIAN COUNCIL ON AGING, INC.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the NICOA under 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 the NICOA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the NICOA.

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 contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Non-Cash Assistance

NICOA expended no federal awards in the form of non-cash assistance for the year ended June 30, 2023.

Note 4. Indirect Cost Rate

NICOA did not use the 10% de minimis indirect cost rate.

Note 5. Subrecipients

NICOA had no subrecipients for the year ended June 30, 2023.

**NATIONAL INDIAN COUNCIL ON AGING, INC.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023**

I. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified? Yes X No
- Material weakness(es) identified? X Yes No

Non-compliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified? Yes X No
- Material weakness(es) identified? X 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)? X Yes No

Identification of Major Program

| | |
|--|---|
| <u>Federal Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
| 17.235 | Senior Community Service Employment Program |

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

Auditee qualified as low-risk auditee? X Yes No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: X Yes No

Findings and Questioned Costs Related to Federal Awards: X Yes No

Summary Schedule of Prior Audit Findings required to be reported: Yes X No

NATIONAL INDIAN COUNCIL ON AGING, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Finding Number: FS-2023-001

Repeat Finding: No

Type of Finding: Material Weakness

Description: Controls Over Accounting Records and Segregation of Duties

CONDITION: The following was noted during internal control test work:

Controls over credit cards:

- In 58 of 180 transactions tested, the transaction was not supported by receipts, however an affidavit for missing receipts was completed for a total of \$16,891.
- In 39 of 180 transactions tested, the transaction was not supported by receipts. An affidavit was completed, however the affidavit was not signed indicating approval for a total of \$9,911.
- In 16 of 180 transactions tested, the payment authorization for was not properly signed indicating approval for a total of \$4,976.
- In 18 of 180 transactions tested, the transaction was not supported by receipts and an affidavit was not completed for a total of \$8,312.
- In 8 of 180 transactions tested, the charges made to the card were related to airfare for the spouse of an employee of NICOA. We noted that the spouse is not an employee of NICOA at the time of the transaction for a total of \$1,921.
- In 2 of 180 items tested, the charges on the credit card were for a lodging that was cancelled, however NICOA was charged the full lodging amount for a total of \$1,744.

Controls over cash receipts:

- In 6 of 25 transactions tested, the cash receipt was not stamped as received indicating that the funds were receipted by someone other than the person making the deposit to the bank.

Additionally, we noted that NICOA had employee's complete an Affidavit for missing receipts. However, we noted this was not a procedure listed on the policy and procedures.

CRITERIA: Management is responsible for establishing internal controls over the financial close and reporting process and for establishing internal controls over accounting records to allow management or employees, in the course of performing their assigned functions, and to prevent or detect material misstatements on a timely basis. To maintain sufficient internal controls, accounting duties should be segregated to ensure that no single employee has the authority to initiate, execute, and record financial transactions without the involvement of a second, independent individual in the process.

CAUSE: NICOA does not have proper oversight over cash disbursement and cash receipt transactions. Additionally, NICOA does not have a formal policy in place regarding missing receipts and/or invoices.

EFFECT: NICOA is not in compliance with its accounting policies. As a result, transactions not allowed by NICOA could go undetected and can lead to unreliable account balances and material misstatements to the financial statements.

RECOMMENDATION: NICOA should design and implement proper internal controls and segregation of duties over all control cycles. Management along with NICOA's governing body should ensure sufficient resources and training are available to all staff. Management along with NICOA's governing body should communicate the importance of the related policies and procedures and ensure all staff are following NICOA policy.

VIEWS OF RESPONSIBLE OFFICIALS: See Corrective Action Plan.

**NATIONAL INDIAN COUNCIL ON AGING, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS (CONTINUED)**

Finding Number: FS-2023-002

Repeat Finding: No

Type of Finding: Material Weakness

Description: Prior Period Adjustment

CONDITION: NICOA has overstated accounts receivable and revenue by \$70,000 in the 2022 financial statements. NICOA created a journal entry to record \$70,000 of accounts receivable for a grant that had ended in 2022, therefore all funds had already been received by NICOA. NICOA reversed the journal entry in the current year, leading to a restatement of 2022 balances.

CRITERIA: In accordance with generally accepted accounting principles, all revenue transactions should be properly recorded and recognized.

CAUSE: NICOA recorded and recognized a material amount of accounts receivable that did not exist resulting in the overstatement of NICOA's net assets on the fiscal year 2022 financial statements.

EFFECT: NICOA recognized accounts receivable of \$70,000 resulting on a prior period restatements of accounts receivable and net assets.

RECOMMENDATION: We recommend that NICOA review all accounts receivable transactions prior to the posting to ensure they are valid. We recommend that NICOA reconcile the accounts receivable listing on a monthly basis.

VIEWS OF RESPONSIBLE OFFICIALS: See Corrective Action Plan.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

III. FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2023-003

Repeat Finding: No

Program Name/CFDA Title: Senior Community Service Employment Program

CFDA Number: 17.235

Federal Agency: U.S. Department of Labor

Federal Award No.: AD-36278-21-60-A-35 & AD-36269-21-60-A-35

Pass-Through Agency: N/A

Questioned Costs: \$111,268

Type of Finding: Noncompliance, Material Weakness

Compliance Requirement: Payroll and General Cost Standards and Procedures

CONDITION: During our testing of payroll disbursements, we noted the following:

- In 22 of 40 allowable payroll disbursements tested, support could not be located to verify that the expense was allowable by the program and to verify that internal control policies and procedures were being followed for a total of \$96,844.
- In 22 of 40 allowable payroll disbursements tested, the hourly rate per the payroll register did not tie to the employee contract or personnel action form on file. The amounts on the payroll register were more than the amount per the employee contract or personnel action form for a total of \$13,544.

During our testing of general disbursements, we noted the following:

- In 5 of 40 allowable general disbursements tested, support could not be located to verify that the expense was allowable by the program and to verify that internal control policies and procedures were being followed for a total of \$517.
- In 2 of 40 items tested, approval form was missing signature indicating no proper approval for a total of \$363.

CRITERIA: According to the grant agreement and the Compliance Supplement for the Senior Community Service Employment Program, SCSEP funds may be used to meet a recipient's or subgrantee's obligations under section 504 of the Rehabilitation Act of 1973, as amended, the Americans with Disabilities Act of 1990, and any other applicable federal disability nondiscrimination laws to provide accessibility for individuals with disabilities (20 CFR section 641.850(f)). Allowable activities include but are not limited to: (1) outreach, (2) orientation, (3) assessment, (4) counseling, (5) classroom training, (6) job development, (7) community service assignments, (8) payment of wages and fringe benefits, (9) training, (10) supportive services, and (11) placement in unsubsidized employment.

CAUSE: NICOA did not ensure that the grant agreement and policies and procedures were being followed.

EFFECT: NICOA was not maintaining strict internal controls and is not in compliance with the Senior Community Service Employment Program.

RECOMMENDATION: Documentation should be retained to support the basis for the allocation of payroll. Payroll costs should be allocated to the various grants employees work on. Management along with NICOA's governing body should ensure sufficient resources and training are available to all staff. Management along with NICOA's governing body should communicate the importance of the related policies and procedures and ensure all staff are following NICOA policy.

VIEWS OF RESPONSIBLE OFFICIALS: See Corrective Action Plan.

AUDITEE RESPONSE

**NATIONAL INDIAN COUNCIL ON AGING, INC.
Corrective Action Plan
Year Ended June 30, 2023**

I. FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding Number: FS-2023-001

Contact Person: Finance Director

Anticipated Completion Date: June 30, 2024

Planned Corrective Action: A policy and procedure regarding cash disbursements was written and presented to the Executive Director and the management team in June 2023. NICOA implemented controls and procedures recommended by the auditors. The policy was revised, and a copy of the policy was provided to the auditors. Controls have been implemented and improvements made in the handling of disbursements. NICOA is working on correcting the problem even further and making sure to have tied internal controls.

A Financial Director was hired in May 2023, immediately realized that there were problems with internal controls and made management aware that there was internal control problems; NICOA has implemented some recommendations. Under the Acting Executive Director, action on the recommendations has been implemented effective immediately.

New accounting and credit card policies were implemented on July 1, 2023, addressing Internal controls.

Finding Number: FS-2023-002

Program Name/CFDA Title: Senior Community Service Employment Program

Federal Assistance Listing Number: 17.235

Contact Person: Finance Director

Anticipated Completion Date: June 30, 2024

Planned Corrective Action: The reason the \$70,000 accounts receivable was discovered in the first place is because NICOA is doing a monthly reconciliation of all accounts receivable. That's when NICOA discovered the error and decided to correct it in the fiscal year 2022 - 2023. NICOA knew that it pertained to fiscal year 2021 – 2022, but the books had been closed, the pertinent audit had been finalized, and the Form 990 had been completed. Also, NICOA felt that the item was not material enough to restate prior year's books.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Corrective Action Plan
Year Ended June 30, 2023

II. FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2023-003

Program Name/CFDA Title: Senior Community Service Employment Program

Federal Assistance Listing Number: 17.235

Contact Person: Finance Director

Anticipated Completion Date: June 30, 2024

Planned Corrective Action: Procedures were updated beginning with the new fiscal year July 1, 2023. NICOA is now in compliance with the required payroll and general cost standards and procedures and with proper documentation verifying all grant disbursements.

NATIONAL INDIAN COUNCIL ON AGING, INC.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Status of Findings and Questioned Costs Related to Federal Awards

No findings noted in the prior year.