



Association of Village Council Presidents

Consolidated Financial Statements,
Additional Information,
and Single Audit Reports
Years Ended December 31, 2020 and 2019

Association of Village Council Presidents

Consolidated Financial Statements, Additional Information,
and Single Audit Reports
Years Ended December 31, 2020 and 2019

Association of Village Council Presidents

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Independent Auditor's Report

Board of Directors
Association of Village Council Presidents
Bethel, Alaska

Opinion

We have audited the accompanying consolidated financial statements of Association of Village Council Presidents, which comprise the consolidated balance sheets as of December 31, 2020 and 2019 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The combining schedule of activities and expenses and the schedules of support and revenue and expenses - budget and actual - Department of Health and Social Services grants are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Schedule of State Financial Assistance*, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and additional information on pages 24 through 35 are presented for purposes of additional analysis and are not required parts of the consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 all material respects, in relation to the consolidated 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 September 30, 2021, on our consideration of Association of Village Council Presidents 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 Association of Village Council President'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 Association of Village Council Presidents' internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
September 30, 2021

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Consolidated Financial Statements

Association of Village Council Presidents
Consolidated Statements of Financial Position

<i>December 31,</i>	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 61,449,657	\$ 53,747,542
Accrued interest	38,436	13,891
Accounts receivable	17,616	651
Accounts receivable - grants	4,040,246	4,263,354
Prepays	349,134	268,163
Total Current Assets	65,895,089	58,293,601
Noncurrent assets:		
Investments - NAB	138,741	138,741
Property and equipment, net of accumulated depreciation	10,877,178	11,325,797
Collections	2,012,986	2,012,986
Total Assets	\$ 78,923,994	\$ 71,771,125
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 960,197	\$ 2,310,004
Accrued payroll and related liabilities	1,338,882	1,351,097
Deferred revenue	2,090,967	2,391,295
Total Current Liabilities	4,390,046	6,052,396
Note payable	3,500,000	3,500,000
Total Liabilities	7,890,046	9,552,396
Net Assets		
Without donor restrictions	14,467,129	12,852,285
With donor restrictions	56,566,819	49,366,444
Total Net Assets	71,033,948	62,218,729
Total Liabilities and Net Assets	\$ 78,923,994	\$ 71,771,125

See accompanying notes to consolidated financial statements.

Association of Village Council Presidents

Consolidated Statements of Activities

Years Ended December 31,	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Grants and contracts:						
Federal	\$ 15,750,742	\$ 40,855,500	\$ 56,606,242	\$ 17,983,784	\$ 72,615,899	\$ 90,599,683
State	4,136,711	-	4,136,711	5,092,156	2,838,724	7,930,880
Other	182,142	543,650	725,792	142,502	-	142,502
Investment income	137,295	-	137,295	318,297	-	318,297
Other revenues	(98,647)	-	(98,647)	1,534,899	-	1,534,899
Net assets released from restrictions	34,198,775	(34,198,775)	-	26,088,179	(26,088,179)	-
Total Revenues	54,307,018	7,200,375	61,507,393	51,159,817	49,366,444	100,526,261
Expenses						
Program services:						
Self-governance	24,481,129	-	24,481,129	21,988,865	-	21,988,865
Social services	18,988,171	-	18,988,171	21,298,056	-	21,298,056
Community services	10,607,772	-	10,607,772	5,696,300	-	5,696,300
Environmental	54,317	-	54,317	96,239	-	96,239
Total program services	54,131,389	-	54,131,389	49,079,460	-	49,079,460
Support services:						
General and administrative	8,675,236	-	8,675,236	9,067,514	-	9,067,514
Less indirect recovery	(10,114,451)	-	(10,114,451)	(6,017,764)	-	(6,017,764)
Total support services	(1,439,215)	-	(1,439,215)	3,049,750	-	3,049,750
Total Expenses	52,692,174	-	52,692,174	52,129,210	-	52,129,210
Change in net assets	1,614,844	7,200,375	8,815,219	(969,393)	49,366,444	48,397,051
Net Assets, beginning of year	12,852,285	49,366,444	62,218,729	13,821,678	-	13,821,678
Net Assets, end of year	\$ 14,467,129	\$ 56,566,819	\$ 71,033,948	\$ 12,852,285	\$ 49,366,444	\$ 62,218,729

See accompanying notes to consolidated financial statements.

Association of Village Council Presidents
Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services					Total	Supporting Activities	Total
	Self- Governance	Social Services	Community Services	Environmental	Program Services	General and Administration		
Expenses								
Wages and benefits	\$ 9,231,996	\$ 8,556,689	\$ 1,311,091	\$ 19,109	\$ 19,118,885	\$ 5,322,887	\$ 24,441,772	
Travel	191,285	114,617	77,139	(330)	382,711	61,785	444,496	
Stipends	52,772	31,350	-	-	84,122	44,756	128,878	
Operating expenses	3,631,689	815,684	673,207	3,867	5,124,447	1,522,153	6,646,600	
Contractual	352,806	99,067	86,257	30,870	569,000	485,874	1,054,874	
Depreciation	-	-	-	-	-	670,275	670,275	
Facilities	418,207	747,290	7,859,176	-	9,024,673	522,320	9,546,993	
Assistance payments	2,814,069	7,339,358	-	-	10,153,427	-	10,153,427	
Other expenses	-	(255,941)	(11,567)	(7,003)	(274,511)	86,845	(187,666)	
	16,692,824	17,448,114	9,995,303	46,513	44,182,754	8,716,895	52,899,649	
Indirect expense allocation	7,850,226	1,595,653	660,768	7,804	10,114,451	(10,114,451)	-	
Property and equipment purchased with grant funds	(61,921)	(55,596)	(48,299)	-	(165,816)	(41,659)	(207,475)	
Total Expenses	\$ 24,481,129	\$ 18,988,171	\$ 10,607,772	\$ 54,317	\$ 54,131,389	\$ (1,439,215)	\$ 52,692,174	

See accompanying notes to consolidated financial statements.

Association of Village Council Presidents
Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services				Total Program Services	Supporting Activities	Total
	Self- Governance	Social Services	Community Services	Environmental		General and Administration	
Expenses							
Wages and benefits	\$ 8,307,252	\$ 8,710,935	\$ 1,731,395	\$ 8,425	\$ 18,758,007	\$ 5,848,437	\$ 24,606,444
Travel	1,203,420	693,602	164,663	20,172	2,081,857	230,289	2,312,146
Stipends	70,103	76,643	-	2,000	148,746	65,473	214,219
Operating expenses	3,244,374	977,551	1,385,682	18,852	5,626,459	1,321,409	6,947,868
Contractual	1,779,823	2,105,680	1,707,348	38,731	5,631,582	320,207	5,951,789
Depreciation	-	-	-	-	-	823,261	823,261
Facilities	752,948	796,025	98,294	-	1,647,267	516,654	2,163,921
Assistance payments	3,207,026	6,334,754	-	-	9,541,780	8,792	9,550,572
Other expenses	(56,080)	5,108	12,731	-	(38,241)	112,359	74,118
	18,508,866	19,700,298	5,100,113	88,180	43,397,457	9,246,881	52,644,338
Indirect expense allocation	3,739,223	1,632,766	637,716	8,059	6,017,764	(6,017,764)	-
Property and equipment purchased with grant funds	(259,224)	(35,008)	(41,529)	-	(335,761)	(179,367)	(515,128)
Total Expenses	\$ 21,988,865	\$ 21,298,056	\$ 5,696,300	\$ 96,239	\$ 49,079,460	\$ 3,049,750	\$ 52,129,210

See accompanying notes to consolidated financial statements.

Association of Village Council Presidents

Consolidated Statements of Cash Flows

Years Ended December 31,	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 8,815,219	\$ 48,397,051
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	670,275	823,261
Unrealized losses on investments	-	62
Decrease (increase) in operating assets:		
Accrued interest	(24,545)	(8,660)
Accounts receivable	(16,965)	-
Accounts receivable - grants	223,108	939,103
Prepays	(80,971)	(173,964)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,349,807)	(1,087,827)
Accrued payroll and related liabilities	(12,215)	(12,264)
Deferred revenue	(300,328)	(45,439,782)
Net Cash from Operating Activities	7,923,771	3,436,980
Net Cash for Investing Activities		
Purchase and construction of property and equipment	(221,656)	(510,090)
Net Cash from Financing Activities		
Draws on loan	-	3,000,000
Net change in cash and cash equivalents	7,702,115	5,926,890
Cash and Cash Equivalents, beginning of year	53,747,542	47,820,652
Cash and Cash Equivalents, end of year	\$ 61,449,657	\$ 53,747,542
Supplemental information -		
Cash paid for interest	\$ 10,220	\$ 8,334

See accompanying notes to consolidated financial statements.

Association of Village Council Presidents

Notes to Consolidated Financial Statements Years Ended December 31, 2020 and 2019

1. Nature of Organization and Summary of Significant Accounting Policies

Organization

Association of Village Council Presidents (AVCP or Association) was incorporated on May 2, 1977, for the purpose of carrying out nonprofit activities in the areas of housing improvement, environmental matters, and social and economic services. These services are primarily for Alaska Native people residing in the AVCP Region of Alaska. AVCP also acts as a representative of villages within the region.

Principles of Consolidation

In 2006, AVCP purchased a wholly owned subsidiary, Allanivik Hotel, for the purposes of creating jobs and income for AVCP and its operations. The Allanivik Hotel ceased operations in 2016. The remaining assets and liabilities are included in the accompanying financial statements.

In 2003, AVCP formed a limited liability company, Yuut Yaqungviat, LLC (Yuut), to serve as a flight school. Yuut ceased operations in 2016. The remaining assets and liabilities are included in the accompanying financial statements.

Basis of Presentation

The accounting records of AVCP are maintained on the accrual basis of accounting under which revenues are recognized when earned and expenses when incurred.

Financial statement presentation follows the recommendations of FASB Accounting Standards Codification (FASB ASC) 958-205, Not-for-Profit Entities - Presentation of Financial Statements. Under these provisions, AVCP is required to report information regarding its financial position and activities according to two classes of net assets: net assets without and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

To ensure observance of limitations and restrictions placed on the use of resources available to AVCP, the accounts are maintained in accordance with the principles of fund accounting, whereby resources and related expenses are classified for accounting and reporting purposes into funds with and without donor restriction established according to their nature and purpose.

Support and Revenues

AVCP administers federal, state, and other grants and contracts. AVCP evaluates each award to determine whether to follow contribution guidance or exchange transaction guidance based on the applicable standards. This determination is based on whether the resource provider is receiving commensurate value in return for the resources transferred. The majority of AVCPs support and revenue are accounted for as contributions based on the applicable guidance. For revenue recognition, AVCP also evaluates if the amount awarded includes donor-imposed conditions or restrictions.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

Grants awarded by federal and state agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes, and revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreements are met when a right or return or right of release exists in awards. Amounts receivable from funding agencies at year end include amounts relating to expenses incurred prior to year-end but not billed until after year end. For grants that have been deemed to have right of return or right of release, all grant and contract receipts in excess of expenses for ongoing programs are recorded as deferred revenue. Fund receipts in excess of expenses for completed programs is recorded as amounts payable to funding agencies. Grants awarded by federal and state agencies are recorded in the year amounts are awarded and obligated for awards that do not have the right of return or right of release. Contributions that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions.

Contributions, including pledges, from the general public are recognized as public support when received. All contributions are considered to be available without donor restriction unless specifically restricted by the donor.

AVCP earns interest on unrestricted funds and on certain federal money as permitted by Public Law 93-638. All interest income is allocated to net assets without donor restriction.

Revenues from Contracts with Customers

On January 1, 2020, AVCP adopted Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers using the modified retrospective method applied to those contracts that were not substantially complete as of January 1, 2020. ASC 606 outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied. The Company's performance obligations are satisfied over time or at a point in time.

AVCP's revenues from contracts with customers are derived primarily from research grants.

AVCP recognizes revenue over time when there is a continuous transfer of control to the customer, evidenced by simultaneous receipt and consumption of services provided. Based on the nature of the services provided in the contract, AVCP uses judgment to determine if an input measure or output measure best depicts the transfer of control over time. AVCP typically uses an output method to measure progress. Revenue is recognized proportionally as AVCP incurs costs to perform on the contract. AVCP bills the customer on a monthly basis, and revenue is recognized in the amount invoiced since the amount corresponds directly to the value of performance to date. If a contract does not meet the criteria for recognizing revenue over time, revenue is recognized at a point in time. Revenue is recognized at the point in time when control of the good or service is transferred to the customer. The Company considers control to be transferred when it has a present right to payment and the customer has legal title. Determining a measure of progress and when control transfers requires AVCP to make judgments that affect the timing of when revenue is recognized. Essentially all of AVCP's contracts satisfy their performance obligations over time.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the AVCP's contracts have a single performance obligation.

Allocation of Indirect Expenses

AVCP records indirect expenses which benefit all programs and are not directly charged to programs. Indirect expenses are allocated between functions based on the current provisional rate negotiated with the federal cognizant agency unless otherwise limited by contractual agreement. Any over-recovery or under-recovery of actual indirect expenses for the year are recovered or refunded to the grantor based on the final negotiated rates with the federal cognizant agency.

Functional Allocation of Expenses

AVCP provides housing improvement, environmental matters and social and economic services to Alaska Native people in the region. The cost of providing program services and supporting activities has been summarized on the consolidated statement of functional expenses on pages 8 and 9 of these financial statements. Expenses directly attributable to a specific functional activity are reported as expenses of those functional activities.

Indirect expenses benefit all programs and are not directly charged to programs. These expenses are allocated between functions based on the current provisional rate negotiated with the federal cognizant agency unless otherwise limited by contractual agreement. Any over-recovery or under-recovery of actual indirect expenses for the year are recovered or refunded to the grantor based on the final negotiated rates with the federal cognizant agency.

Liquidity and Availability of Resources

At December 31, 2020, AVCP had \$65,895,089 million in financial assets available to meet needs for general expenditures consisting of cash and cash equivalents of \$61,449,657 and grants receivables of \$4,040,246 million and others. Of this amount, approximately \$58,657,786 million represents cash advances from granting agencies for program expenditures. Accordingly, all such funds are available to meet the cash needs of AVCP for various programs in the next 12 months.

AVCP manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the AVCP are expected to be met monthly mainly from federal and state grant funds. In general, the AVCP maintains sufficient financial assets on hand to meet 30 days' worth of normal operating expenses.

AVCP's financial assets available within one year of the balance sheet date for general expenditure are listed as current assets in the consolidated statements of financial position.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

As part of AVCP's liquidity management, there is a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, AVCP invests cash in excess of daily requirements in short-term investments, including money market accounts and certificates of deposit. AVCP has a \$3,500,000 million long-term line of credit available to meet cash flow needs, of which \$3,500,000 has been utilized at year-end.

Cash and Cash Equivalents

Cash and cash equivalents consist of moneys in deposit accounts, money market funds, and certificates of deposit with maturities of 90 days or less.

Investments

AVCP carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in investment income.

Financial Accounting Standards Board ASC 820, Fair Value Measurements and Disclosure establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that AVCP has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

Property and Equipment

Property and equipment consist of buildings, furniture, heavy equipment, and computer and office equipment. AVCP's capitalization threshold is set at \$5,000 on a nonaggregated base. Property and equipment purchased with Federal and State of Alaska grants have a reversionary interest in such property as well as the ownership of any proceeds upon disposition. Some of the property and equipment purchased with federal grants have use restrictions related to funding guidelines. A record of such property and equipment purchased is maintained to indicate with which grant or contract it was purchased.

Donated furniture and equipment are recorded at acquisition value at date of donation. Furniture and equipment are depreciated on a straight-line basis over their estimated useful lives of three to five years. Leasehold improvements are depreciated on a straight-line basis over the lesser of their estimated useful lives of five years or the remaining term of the lease.

Purchases of property and equipment made with grant or contract moneys are recorded at cost. Generally, title to equipment acquired with the proceeds of grant or contract moneys vests with AVCP, subject to specific conditions related to the use and disposition of such equipment. The assets are recorded in the General Fund and depreciation is computed on the straight-line method.

Collections

AVCP maintains the Yupiit Piciryarait, formerly known as Yupik Museum, which contains various forms of Native American artwork and historical artifacts. These artifacts and artwork are held for public exhibition, are cared for and maintained by AVCP, and proceeds of such items are to be used to acquire other items for collections.

In 2012, AVCP capitalized its collections retroactively. To the extent that reliable records were available, AVCP capitalized collection items acquired prior to 2012 at their cost at the date of purchase or, if the items were contributed, at their fair value at the accession date (the date on which the item was accepted by the Board of Directors). Other collection items, particularly those acquired prior to 2012, when detailed curatorial records began to be maintained, have been capitalized at their appraised or estimated current market value.

Collection items are not depreciated, as the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long, and adequate resources are in place to protect and preserve these items.

Accounts Receivable

Receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is AVCP's best estimate of the amount of probable credit losses in the existing accounts receivable. AVCP determines the allowance based on historical write-off experience.

An allowance for doubtful accounts for grants and contributions receivable has not been established, as all receivables are considered fully collectible.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

AVCP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRS), and accordingly no provision for income taxes is included in the financial statements. AVCP is not required to file an annual IRS Form 990 per IRS Revenue Procedure 95-48.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

On January 1, 2020, AVCP adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* using the modified retrospective method applied to those contracts that were not substantially complete as of January 1, 2020. ASC 606 outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied. The Company's performance obligations are satisfied over time as work progresses or at a point in time. ASC 606 also requires new, expanded disclosures regarding revenue recognition. There were no significant changes to revenue recognition for the year ended December 31, 2020 as a result of applying ASC 606.

Upcoming Pronouncements

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The standard also requires lessors to treat a lease as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing lease. If the lessor doesn't convey risks and rewards or control, an operating lease results. The guidance is effective for the fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of their pending adoption of the new standard on their financial statements.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

<i>December 31, 2020</i>	Carrying Amount	Bank Balance
Checking accounts	\$ 52,608,600	\$ 53,107,885
Savings accounts	780,347	780,347
Money market funds	2,917,261	2,917,261
Certificates of deposit	5,143,449	5,143,449
Total Cash and Cash Equivalents	\$ 61,449,657	\$ 61,948,942

<i>December 31, 2019</i>	Carrying Amount	Bank Balance
Checking accounts	\$ 44,974,604	\$ 45,485,553
Savings accounts	789,083	789,083
Money market funds	2,704,737	2,704,737
Certificates of deposit	5,279,118	5,279,118
Total Cash and Cash Equivalents	\$ 53,747,542	\$ 54,258,491

Cash and cash equivalents and investment balances include advances that have been recorded as deferred revenue under various grant awards and funding agreements at December 31, 2020 and 2019, respectively. This deferred revenue is subject to certain investment restrictions required by the awarding agencies. The funds are invested in obligations of the United States or securities that are guaranteed or insured by the United States which satisfy the investment restrictions of the awarding agencies.

3. Concentration of Credit Risk

AVCP is not party to any financial instruments with off balance sheet risk. Financial instruments which potentially subject AVCP to concentrations of credit risk are demand deposits held in excess of the Federal Deposit Insurance Corporation insured amount. AVCP maintains its deposits with high credit quality commercial banks. AVCP has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on such deposits. Uninsured deposits were \$43,997,388 and \$31,141,001 at December 31, 2020 and 2019, respectively.

4. Investments

In 2006, AVCP purchased 1,539 shares of Class A Common Stock of The Native American Bank at \$650 per share for an initial aggregate subscription of \$1,102,863. As of December 31, 2020 and 2019, AVCP held a 1.015% and 1.015% minority interest in The Native American Bank (NAB), respectively. As of December 31, 2020 and 2019, the book value of the stock was \$98 and \$91 a share, respectively. As the stock is not traded in an active market, AVCP considers the book value of the shares as a measure of fair value and has classified it as a Level 3 investment.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

5. Property and Equipment

A summary of property and equipment, at cost, is as follows:

<i>December 31,</i>	2020	2019
Property and equipment not being depreciated:		
Land	\$ 2,527,806	\$ 2,527,806
Work in progress	26,154	6,357
Total property and equipment not being depreciated	2,553,960	2,534,163
Property and equipment being depreciated:		
Buildings	12,580,704	12,580,704
Heavy equipment and vehicles	6,369,443	6,350,852
Office furniture and equipment	3,515,772	3,385,189
Tools and other equipment	623,567	570,882
Total property and equipment being depreciated	23,089,486	22,887,627
Less accumulated depreciation	(14,766,268)	(14,095,994)
Property and equipment being depreciated, net	8,323,218	8,791,633
Total Property and Equipment, net	\$ 10,877,178	\$ 11,325,797

Depreciation expense was \$670,275 and \$823,261 for the years ended December 31, 2020 and 2019, respectively.

6. Note Payable

AVCP entered into a revolving line of credit in the amount of \$1.5 million in December 2013. The revolving line of credit accrues interest at 2% plus prime, currently 3.150%, and monthly interest-only payments are required. On February 24, 2017, the revolving line of credit amount was increased to a total of \$3.5 million. The outstanding balance of the revolving line of credit at December 31, 2020 and 2019 was \$3,500,000 and \$3,500,000 respectively. The revolving line of credit presented as note payable in the Statement of Activities matures on February 1, 2023. Payment in full is due on the maturity date.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

7. Net Assets

Donor-restricted contributions (including support pledged for a future period) are reported as increases in net assets with donor restrictions. When the applicable restriction is satisfied or time passes, whichever the case may be, the net assets with donor restrictions are reclassified to net assets without donor restrictions.

The following provides detail of the various components of net assets:

<i>December 31,</i>	2020	2019
Total net assets without donor restrictions	\$ 14,467,129	\$ 12,852,285
Net assets with donor restrictions for purpose:		
Tribal Self Governance	22,739,215	18,885,842
Highway Planning and Construction	21,818,639	20,865,670
P.L. 102-477 Contract	7,733,871	5,867,661
Child Support Services	2,690,949	2,496,466
Tribal Title IV-E	924,081	924,081
Guardian Ad Litem	660,064	326,724
Total net assets with donor restrictions	56,566,819	49,366,444
Total Net Assets	\$ 71,033,948	\$ 62,218,729

8. Retirement Plan

AVCP has adopted a defined contribution retirement plan for all regular, full-time employees with at least 3 months of service. This eligibility period was reduced from 1 year to 3 months during 2003 when AVCP changed pension carriers. The Plan requires mandatory employer contributions of 7% of employee compensation and vests immediately. In 2003, AVCP also adopted a match of an employee's voluntary contribution up to 3%. Contributions are remitted to an insurance company each month. AVCP's contributions to the plan for the years ended December 31, 2020 and 2019 totaled \$1,382,516 and \$1,637,512, respectively.

The Plan is subject to the filing requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Failure to complete the required filing timely and accurately could result in penalties. AVCP is currently compliant with these filing requirements. No penalties have arisen as a result of prior year noncompliance and therefore no provision for liability has been included in the accompanying financial statements.

AVCP also maintains a tax-sheltered annuity plan covering all employees. The annuity plan provides for participants generally to defer, on a pre-tax basis, up to 100% of eligible compensation up to amounts allowed by the Internal Revenue Service. Each participant's account is credited with the employee's elective deferral contribution and an allocation of Plan earnings and charged with an allocation of administrative expenses. Each participant is immediately 100% vested in their account balance.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

9. Commitments and Contingencies

Grants and Contracts

Generally, most of AVCP's revenues are received from federal and State of Alaska grants and contracts. These grants and contracts restrict the use of revenues to carrying out specific programs and may require the grantor's approval before certain expenses are allowable. AVCP is required to submit written progress reports for the activities being performed. The final expenses may be subject to an agency's compliance audit to determine the allowability of costs for which reimbursement has previously been granted. Adjustments of amounts received under grants and contracts could result if the grants and contracts are audited by such agencies. Management does not believe the amount of adjustments, if any, would be material and, accordingly, no provision for liability from such adjustments, if any, has been included in the accompanying financial statements.

Indirect Expenses

Amounts charged to individual grants and contracts as indirect expenses have generally been based on provisional rates. The amount of indirect expenses ultimately recoverable from funding agencies will depend upon final negotiations with the cognizant agency, and adjustments could result. Management does not believe that such adjustments, if any, would be material and, accordingly, no provision for liability from such adjustments, if any, is included in the accompanying financial statements.

Leases

AVCP has entered into several predominantly month-to-month operating leases with affiliated tribal associates. AVCP's annual lease expense for the years ended December 31, 2020 and 2019 totaled \$615,461 and \$762,211, respectively.

10. Risks and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the AVCP's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Association of Village Council Presidents

Notes to Consolidated Financial Statements

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the AVCP is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Although AVCP cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the AVCP's results of future operations, financial position, and liquidity in fiscal year 2021.

The pandemic can negatively impact AVCP in multiple ways, including, but not limited to:

- Prolonged restrictions on in person activities and travel can affect the performance of program activities.

11. Subsequent Events

AVCP has evaluated subsequent events through September 30, 2021, the date on which the consolidated financial statements were available to be issued.

AVCP has received \$33,007,941 of Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan Act of 2021 grant funding subsequent to year-end to provide COVID-19 specific services in several programs.

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Additional Information

Association of Village Council Presidents

Combining Schedule of Activities - Corporate

Year Ended December 31, 2020

	Program Services				Support Services		Total
	Self-Governance	Social Services	Community Services	Environmental	Total Program Services	General and Administrative	
Revenue							
Grants and contracts:							
Federal	\$ 34,514,506	\$ 15,615,227	\$ 6,476,509	\$ -	\$ 56,606,242	\$ -	\$ 56,606,242
State	-	3,255,225	881,486	-	4,136,711	-	4,136,711
Other	-	722,031	3,761	-	725,792	-	725,792
Investment income	-	-	-	-	-	137,295	137,295
Other revenue	-	-	-	-	-	(98,647)	(98,647)
Total Revenue	34,514,506	19,592,483	7,361,756	-	61,468,745	38,648	61,507,393
Expenses							
Wages and benefits	9,231,996	8,556,689	1,311,091	19,109	19,118,885	5,322,887	24,441,772
Travel	191,285	114,617	77,139	(330)	382,711	61,785	444,496
Stipends	52,772	31,350	-	-	84,122	44,756	128,878
Operating expenses	3,631,689	815,684	673,207	3,867	5,124,447	1,522,153	6,646,600
Contractual	352,806	99,067	86,257	30,870	569,000	485,874	1,054,874
Depreciation	-	-	-	-	-	670,275	670,275
Facilities	418,207	747,290	7,859,176	-	9,024,673	522,320	9,546,993
Assistance payments	2,814,069	7,339,358	-	-	10,153,427	-	10,153,427
Other expenses	-	(255,941)	(11,567)	(7,003)	(274,511)	86,845	(187,666)
	16,692,824	17,448,114	9,995,303	46,513	44,182,754	8,716,895	52,899,649
Indirect expense allocation	7,850,226	1,595,653	660,768	7,804	10,114,451	(10,114,451)	-
Total Expenses	24,543,050	19,043,767	10,656,071	54,317	54,297,205	(1,397,556)	52,899,649
Property and equipment purchased with grant funds	(61,921)	(55,596)	(48,299)	-	(165,816)	(41,659)	(207,475)
Change in Net Assets	\$ 10,033,377	\$ 604,312	\$ (3,246,016)	\$ (54,317)	\$ 7,337,356	\$ 1,477,863	\$ 8,815,219

Association of Village Council Presidents
Combining Schedule of Expenses - General and Administrative
Year Ended December 31, 2020

	Administration						Cultural Heritage Services, Museum	Total
	Admini- stration	Facilities	Financial Services	Legal Services	Human Resources	Total Administration		
Expenses								
Wages and benefits	\$ 2,578,481	\$ 1,056,434	\$ 43,852	\$ 582,234	\$ 604,933	\$ 4,865,934	\$ 456,953	\$ 5,322,887
Travel	50,918	300	6,040	4,527	-	61,785	-	61,785
Stipends	44,756	-	-	-	-	44,756	-	44,756
Operating expenses	1,053,515	73,038	240,836	111,371	36,718	1,515,478	6,675	1,522,153
Contractual	94,307	-	356,357	-	35,210	485,874	-	485,874
Depreciation	-	-	670,275	-	-	670,275	-	670,275
Facilities	181,187	327,177	1,263	897	1,796	512,320	10,000	522,320
Other expenses	86,845	-	-	-	-	86,845	-	86,845
	4,090,009	1,456,949	1,318,623	699,029	678,657	8,243,267	473,628	8,716,895
Property and equipment purchased with grant funds	(41,659)	-	-	-	-	-	-	-
Total Expenses	\$ 4,048,350	\$ 1,456,949	\$ 1,318,623	\$ 699,029	\$ 678,657	\$ 8,243,267	\$ 473,628	\$ 8,716,895

Association of Village Council Presidents

Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
Department of Commerce				
Economic Development Support for Planning Organizations				
Partnership Planning Investment 21	11.302		\$ -	\$ 17,292
Partnership Planning Investment 20	11.302		-	12,843
Total Partnership Planning Investment			-	30,135
Department of the Interior				
Alaska Migratory Bird Co-Management Council 20	15.643		-	175
Total Alaska Migratory Bird Co-Management Council			-	175
477 Cluster - direct:				
P.L. 102-477 Contract - Plan year 2018-2020	15.U02		-	4,401,472
COVID -19 P.L. 102-477 Contract - Plan year 2018-2020	15.U02		-	158,952
Total 477 Cluster			-	4,560,424
Tribal Self Governance:				
Tribal Self Governance 2013	15.022		-	1,626,822
Tribal Self Governance 2014	15.022		-	312,501
Tribal Self Governance 2017	15.022		-	437,053
Tribal Self Governance 2018	15.022		-	629,577
Tribal Self Governance 2019	15.022		-	2,663,888
Tribal Self Governance 2020	15.022		-	14,089,515
Total Tribal Self Governance			-	19,759,356
Aid To Tribal Governments	15.020		-	223,276
Total Department of the Interior			-	24,543,231
Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction				
Indian Reservation Road Program 2011	20.205		-	131,260
Indian Reservation Road Program 2012	20.205		-	110
Indian Reservation Road Program 2013	20.205		-	1,839,743
Indian Reservation Road Program 2014	20.205		-	1,354,931
Indian Reservation Road Program 2015	20.205		-	2,267,982
Indian Reservation Road Program 2016	20.205		-	170,637
Indian Reservation Road Program 2017	20.205		-	2,088,461
Indian Reservation Road Program 2018	20.205		-	(549)
Indian Reservation Road Program 2019	20.205		-	5,228
Indian Reservation Road Program 2020	20.205		-	1,526,541
Indian Reservation Road Program 2021	20.205		-	255,653
Total Highway Planning and Construction			-	9,639,997
Total Highway Planning and Construction Cluster			-	9,639,997
Total Department of Transportation			-	9,639,997

Association of Village Council Presidents
Schedule of Expenditures of Federal Awards, continued
for the Year Ended December 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
Environmental Protection Agency				
Indian Environmental General Assistance Program 2010	66.926		\$ -	\$ (299)
Indian Environmental General Assistance Program 2015	66.926		-	(605)
Indian Environmental General Assistance Program 2017	66.926		-	(9,734)
Indian Environmental General Assistance Program 2020	66.926		-	88,390
Indian Environmental General Assistance Program 2021	66.926		-	27,455
Total Indian Environmental General Assistance Program			-	105,207
Department of Education				
Rehabilitation Services American Indians with Disabilities				
Vocational Rehabilitation 2015	84.250		-	(1,222)
Vocational Rehabilitation 2019	84.250		-	337,875
Vocational Rehabilitation 2020	84.250		-	118,836
Total Rehabilitation Services American Indians with Disabilities			-	455,489
Department of Health and Human Services				
Temporary Assistance for Needy Families				
Temporary Assistance for Needy Families 2015	93.558		-	53,493
Temporary Assistance for Needy Families 2016	93.558		-	3,491,639
Temporary Assistance for Needy Families 2017	93.558		-	5,420,841
Temporary Assistance for Needy Families 2018	93.558		-	123,252
Temporary Assistance for Needy Families 2019	93.558		-	43,029
Total Temporary Assistance for Needy Families			-	9,132,254
Healthy Marriage Promotion and Responsible Fatherhood Grant	93.086		-	(148,540)
Low Income Home Energy Assistance				
Low Income Home Energy Program 2018	93.568		-	(41)
Low Income Home Energy Program 2020	93.568		-	2,927,330
Low Income Home Energy Program 2021	93.568		-	284,659
Total Low Income Home Energy Assistance			-	3,211,948
Head Start				
Federal Head Start 2017	93.600		-	(75)
Federal Head Start 2020	93.600		-	2,640,925
COVID-19 - Federal Head Start 2020	93.600		-	156,219
Total Head Start			-	2,797,069
MaryLee Allen Promoting Safe and Stable Families 2018	93.556		-	(2)
MaryLee Allen Promoting Safe and Stable Families 2019	93.556		-	34,643
Total Promoting Safe and Stable Families			-	34,641
Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes				
Older Americans Act Title VI, Part A 2017	93.047		-	43,903
Total Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes			-	43,903

Association of Village Council Presidents
Schedule of Expenditures of Federal Awards, continued
for the Year Ended December 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
Department of Health and Human Services, continued				
Stephanie Tubbs Jones Child Welfare Services Program				
CARES Act CWSS	93.645		\$ -	\$ 216
Child Welfare Social Services Program 2018	93.645		-	(1,834)
Child Welfare Social Services Program 2019	93.645		-	56,288
Child Welfare Social Services Program 2020	93.645		-	11,914
Total Child Welfare Social Services Program			-	66,584
Aging Cluster				
Nutrition Services Incentive Program 2017	93.053		-	8,298
Total Department of Health and Human Services			-	15,146,157
Department of Agriculture				
Passed through the State of Alaska Department of Education and Early Development				
Child and Adult Care Food Program 15	10.558	MA-0720401	-	(15,895)
Child and Adult Care Food Program 16	10.558	MA-0720401	-	(38,350)
Child and Adult Care Food Program 17	10.558	MA-0720401	-	(7,618)
Child and Adult Care Food Program 20	10.558	MA-0720401	-	34,880
Child and Adult Care Food Program 21	10.558	MA-0720401	-	48,784
Total Child & Adult Care Food Program			-	21,801
Department of Justice				
AVCP Tribal Youth Program	16.731		-	(7,720)
Total Expenditures of Federal Awards			\$ -	\$ 49,934,297

See accompanying notes to Schedule of Expenditures of Federal Awards.

Association of Village Council Presidents

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Association of Village Council Presidents under programs of the federal government for the year ended December 31, 2020. 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 Association of Village Council Presidents, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Association of Village Council Presidents.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures reported on the Schedule are recognized following, as applicable, either the cost principles in the Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or 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.

3. Indirect Rate

Association of Village Council Presidents has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

4. 477 Cluster

Below are the CFDA numbers for the programs included in the Association of Village Council Presidents 477 plan:

- 15.026
- 15.114
- 15.130
- 17.265
- 93.575
- 93.594

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Association of Village Council Presidents

Notes to the Schedule of Expenditures of Federal Awards, continued For the Year Ended December 31, 2020

5. Deferred Revenue by Federal Program

Deferred revenue for the Association of Village Council Presidents' federal programs at December 31, 2020 is as follows:

<i>Agency</i>	<i>Program Title</i>	CFDA Number	Unearned Revenue
Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	\$ 388,611
Health and Human Services	Temporary Assistance for Needy Families	93.558	246,610
Health and Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	176,473
Health and Human Services	Low-Income Home Energy Assistance	93.568	43,429
Education	Rehabilitation Services American Indians With Disabilities	84.250	27,120
Interior	Alaska Migratory Bird Co-Management Council	15.643	25,256
Commerce	Economic Development Support for Planning Organizations	11.302	17,748
Environmental Protection	Indian Environmental General Assistance	66.926	14,631
Health and Human Services	Head Start	93.600	11,793
Education	Child and Adult Care Food Program	10.558	7,614
Commerce	Economic Adjustment Assistance	11.307	7,500
Health and Human Services	Nutrition Services Incentive Program	93.053	3,036
Health and Human Services	Stephanie Tubbs Jones Child Welfare Services Program	93.645	2,231
Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	1,549
Health and Human Services	MaryLee Allen Promoting Safe and Stable Families Program	93.556	1,222
Total federal			974,823
State and other			1,116,137
Total Deferred Revenue			\$ 2,090,960

Association of Village Council Presidents

Schedule of State Financial Assistance for the Year Ended December 31, 2020

State Grantor / Program Title	Award Number	Total Award Amount	Passed Through to Subre- cipients	State Expend- itures
Department of Health and Social Services				
Major Programs:				
Native Family Assistance Program 2021	604-266-21001	\$ 3,202,500	\$ -	\$ 1,516,969
Native Family Assistance Program 2020	604-266-20001	3,202,500	-	1,505,991
Nonmajor Programs:				
Native Family Assistance Program 2019	604-266-19001	4,702,500	-	1,344
Alaska Affordable Heating Program FY14	604-14-302	1,956,900	-	(468)
Rural Comm. Dom. Violence and Sexual Assistance	602-14-031	200,000	-	(35,659)
Total Department of Health and Social Services			-	2,988,177
Department of Public Safety				
Major Programs:				
Village Public Safety Officer Program 2021	21-401	1,721,807	-	421,594
Village Public Safety Officer Program 2020	20-401	1,713,333	-	429,782
Nonmajor Programs -				
Village Public Safety Officer Program 2019	19-401	1,398,642	-	(17,049)
Total Department of Public Safety			-	834,327
Department of Education & Early Development				
Major Program -				
Alaska Head Start 2020	HS 20.066.01	357,948	-	284,308
Nonmajor Program -				
Alaska Head Start 2018	HS 18.066.01	357,948	-	(17,260)
Total Department of Education & Early Development			-	267,048
Department of Commerce, Community, and Economic Development				
Nonmajor Programs -				
Yukon-Kuskokwim Energy/Freight Corridor Planning & Design	15- DC -338	600,000	-	47,159
Total State Financial Assistance			\$ -	\$ 4,136,711

See accompanying notes to Schedule of State Financial Assistance.

Association of Village Council Presidents

Notes to the Schedule of State Financial Assistance For the Year Ended December 31, 2020

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the “Schedule”) includes the state grant activity of the Association of Village Council Presidents under programs of the state government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of the Association of Village Council Presidents, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Association of Village Council Presidents.

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

2021 Native Family Assistance Program 604-266-21001

Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31, 2020</i>	Budget	Actual	Variance With Budget
Revenues			
State of Alaska	\$ 3,202,500	\$ 1,516,969	\$ (1,685,531)
Expenses			
Direct Expenses			
Assistance payments	3,202,500	1,516,969	(1,685,531)
Excess of Revenues Over Expenses	\$ -	\$ -	\$ -

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

2020 Native Family Assistance Program 604-266-20001

Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31,</i>	Budget	Actual			Variance With Budget
		Prior Years	2020	Total	
Revenues					
State of Alaska	\$ 3,202,500	\$ 1,430,328	\$ 1,505,991	\$ 2,936,319	\$ (266,181)
Expenses					
Direct Expenses					
Assistance payments	3,202,500	1,430,328	1,505,991	2,936,319	(266,181)
Excess of Revenues Over Expenses					
	\$ -	\$ -	\$ -	-	\$ -

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

2019 Native Family Assistance Program 604-266-20019

Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31,</i>	Budget	Actual			Variance With Budget
		Prior Years	2020	Total	
Revenues					
State of Alaska	\$ 4,702,500	\$ 3,901,530	\$ 1,344	\$ 3,902,874	\$ (799,626)
Expenses					
Direct Expenses					
Assistance payments	4,702,500	3,901,530	1,344	\$ 3,902,874	(799,626)
Excess of Revenues Over Expenses					
	\$ -	\$ -	\$ -	\$ -	\$ -

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Single Audit Section



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Association of Village Council Presidents
Bethel, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Association of Village Council Presidents, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Association of Village Council Presidents' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association of Village Council Presidents' internal control. Accordingly, we do not express an opinion on the effectiveness of the Association of Village Council Presidents' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association of Village Council Presidents' 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*.

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.

BDO USA, LLP

Anchorage, Alaska
September 30, 2021



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Association of Village Council Presidents
Bethel, Alaska

Report on Compliance

Opinion on Compliance for Each Major Federal Program

We have audited Association of Village Council Presidents' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Association of Village Council Presidents' major federal programs for the year ended December 31, 2020. Association of Village Council Presidents' 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, Association of Village Council Presidents 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 December 31, 2020.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Association of Village Council Presidents and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Association of Village Council Presidents' compliance with the types of 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 Association of Village Council Presidents' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Association of Village Council Presidents' 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 GAAS, *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 types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Association of Village Council Presidents' compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *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 Association of Village Council Presidents' compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Association of Village Council Presidents' 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 Association of Village Council Presidents' 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 instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards and the Uniform Guidance require the auditor to perform limited procedures on Association of Village Council Presidents' response described in the accompanying schedule of findings and questioned costs to the noncompliance findings identified in our compliance audit. Association of Village Council Presidents' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Association of Village Council Presidents' is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Association of Village Council Presidents' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a material weakness.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a significant deficiency.

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

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

Association of Village Council Presidents' is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Association of Village Council Presidents' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

BDO USA, LLP

Anchorage, Alaska
September 30, 2021



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Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Board of Directors
Association of Village Council Presidents
Bethel, Alaska

Report on Compliance

Opinion on Compliance for Each Major State Program

We have audited Association of Village Council Presidents' compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Association of Village Council Presidents' major state programs for the year ended December 31, 2020. Association of Village Council Presidents' major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Association of Village Council Presidents 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 state programs for the year ended December 31, 2020.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Our responsibilities under those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Association of Village Council Presidents and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Association of Village Council Presidents' compliance with the types of 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, state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Association of Village Council Presidents' 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 GAAS, Government Auditing Standards, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* 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 types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Association of Village Council Presidents' compliance with the requirements of the state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, 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 Association of Village Council Presidents' compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Association of Village Council Presidents' 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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of Association of Village Council Presidents' 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 instances of noncompliance which are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which are described in the accompanying schedule of findings and questioned costs as item 2020-003. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require the auditor to perform limited procedures on Association of Village Council Presidents' response described in the accompanying schedule of findings and questioned costs to the noncompliance findings identified in our compliance audit. Association of Village Council Presidents' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Association of Village Council Presidents' is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Association of Village Council Presidents' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we consider the deficiencies in Association of Village Council Presidents' internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a significant deficiency.

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 and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require the auditor to perform limited procedures on Association of Village Council Presidents' response described in the accompanying schedule of findings and questioned costs to the noncompliance findings identified in our compliance audit. Association of Village Council Presidents' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Association of Village Council Presidents' is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Association of Village Council Presidents' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
September 30, 2021

Association of Village Council Presidents

Schedule of Findings and Questioned Costs Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Type of auditor's report issued on compliance for major federal 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 federal programs:

CFDA Number	Name of Federal Program or Cluster	Agency
15.022	Tribal Self-Governance	Interior
93.558	Temporary Assistance for Needy Families	Health and Human Services

Dollar threshold used to distinguish between Type A and Type B programs: \$1,498,029

Auditee qualified as low-risk auditee? yes X no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes (none reported)

Type of auditor's report issued on compliance for major state programs: Unmodified

Dollar threshold used to distinguish a major state program: \$150,000

Association of Village Council Presidents

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2020

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in Government Auditing Standards.

Section III - Federal Award Findings and Questioned Costs

2020-001 - Procurement - Noncompliance and Significant Deficiency in Internal Control over Compliance

Agency: Department of the Interior -
Program: Tribal Self-Governance *CFDA No:* 15.022
Award No. GT-OSGT812-13 - 2013
GT-OSGT812-14 - 2014
GT-OSGT812-17 - 2017
GT-OSGT812-18 - 2018
GT-OSGT812-19 - 2019
GT-OSGT812-20 - 2020

Criteria: In accordance with 2 CFR 200, AVCP must follow its own procurement policy which conforms to the Uniform Guidance standards. This requires AVCP to among other things ensure that it maintains procurement requisitions and supporting documents reviewed and approved by the appropriate authority depending on the amount.

Condition: AVCP was unable to provide procurement supporting documents for contracts procured in line with its procurement policy.

Cause: The controls and processes established for procurement transactions have not been implemented on all qualifying items noted. Therefore, AVCP did not comply with its own procurement policy which is a violation of grant compliance.

Effect or potential effect: There was no evidence to support that the procurement rules and procedures were followed for one contract.

Questioned costs: \$578,592

Context: In accordance with AICPA GAS/SA sampling guidance, the auditor tested ten procurement applicable transactions, one contract of which did not have adequate support to confirm that procurement procedures were adhered to. The contract was in excess of the \$250,000 simplified acquisition threshold or competitive bid threshold, established in the procurement policy.

Identification as a repeat finding: Yes, see prior year finding number 2019-001.

Recommendation: We recommend that the controls and processes that have been established be implemented and to ensure AVCP is following its procurement policy and meeting the Uniform Guidance compliance requirements.

Association of Village Council Presidents

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2020

Views of Responsible Officials and Corrective Action Plan: Management agrees with this finding. Refer to the corrective action plan.

2020-002 Material Weakness in Internal Control over Compliance, Material Noncompliance - Reporting

Agency: Department of Health and Human Services -
Programs: Temporary Assistance for Needy Families (TANF) *CFDA No:* 93.558
Award No. 15QLAKTANF - 2015
 16QLAKTANF - 2016
 17QLAKTANF - 2017
 18QLAKTANF - 2018
 19QLAKTANF - 2019

Criteria: In accordance with Uniform Guidance, AVCP must compliance with the Federal Funding Accountability and Transparency Act reporting requirements. Recipients of grants or cooperative agreements who make first tier subawards of \$25,000 or more are required to register in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and report subaward data through FSRS.

Condition: AVCP did not register subawards in accordance with the applicable requirement.

Cause: Proper controls were not in place to ensure compliance with the Federal Funding Accountability and Transparency Act reporting requirements.

Effect or potential effect: Noncompliance with the Federal Funding Accountability and Transparency Act reporting requirements.

Questioned costs: None identified.

Context: None of the applicable subawards, those over \$25,000, were registered in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and the subaward data was not reported through FSRS.

Recommendation: We recommend AVCP, design and implement internal control procedures to ensure compliance with the Federal Funding Accountability and Transparency Act reporting requirements.

Identification as a repeat finding: No, not a repeat finding.

Management Response and Corrective Action: Management concurs with the finding. See corrective action plan for further information.

Association of Village Council Presidents
Schedule of Findings and Questioned Costs, continued
Year Ended December 31, 2020

Section IV - State Award Findings and Questioned Costs

2020-003 Significant Deficiency in Internal Control over Compliance - Reporting

State Agency: Department of Health and Human Services:
Grant Name: Native Family Assistance Program 2020
Native Family Assistance Program 2021
Grant Number: 604-266-20001 *Award Year:* 2020
604-266-21001 2021

Criteria: The State of Alaska Compliance Supplement, along with the signed grant award, requires organizations to timely and accurately prepare and submit grant reports to the funding agency. AVCP should establish and maintain effective controls to ensure the reports are submitted accurately and timely.

Condition: Reports were not submitted timely in accordance with grant requirements.

Questioned costs: None identified.

Context: In accordance with Alaska State Single Audit guidance, the auditor tested two quarterly financial reports, four monthly benefit reports, and two quarterly programmatic reports. Both of the quarterly financial reports tested were not submitted timely. Two of the four monthly benefit reports tested were not submitted timely.

Effect: AVCP was not in compliance with grant reporting requirements.

Cause: Sufficient controls were not in place to ensure timely reporting.

Recommendation: We recommend AVCP design and implement internal control procedures to ensure compliance with the grant reporting requirements.

Views of Responsible Officials and Corrective Action: Management concurs with the finding. See corrective action plan for further information.

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Unaudited Information

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS

Thaddeus Tikiun Jr., Chairperson | Vivian Korthuis, CEO | AVCP.org



Summary Schedule of Prior Year (FY19) Findings

Corrective Action: Finding 2019-001 Procurement

Status: Resolved

In FY 2020 AVCP completed the tasks outlined in the corrective action plan for finding 2019-001 including receiving external training on procurement from WIPFLI, updating sole source section of our procurement policy and updating procurement training material with emphasis on the sole source section. After we updated our procurement training material, we deployed the information to our employees at New Hire Orientation (NEO), Monthly Directors Meetings (MDM), and our annual All Staff training.

In addition to completing the corrective actions outlined above, we solicited Request for Proposals for Accounting Services (i.e., the questioned cost from this finding) and selected a vendor using the competitive procurement process.



FY20 Corrective Action Plan

Corrective Action: Finding 2020-001 Procurement

Prior Finding: 2019-001

Status: Resolved

In FY 2020 AVCP completed the tasks outlined in the corrective action plan for finding 2019-001 including receiving external training on procurement from WIPFLI, updating sole source section of our procurement policy and updating procurement training material with emphasis on the sole source section. After we updated our procurement training material, we deployed the information to our employees at New Hire Orientation (NEO), Monthly Directors Meetings (MDM), and our annual All Staff training.

In addition to completing the corrective actions outlined above, we solicited Request for Proposals for Accounting Services (i.e., the questioned cost from this finding) and selected a vendor using the competitive procurement process.

Corrective Action: Finding 2020-002 Federal Funding Accountability and Transparency Act Reporting

Status: Unresolved/In progress

We will review Federal Funding Accountability and Transparency Act (FFATA) reporting requirements and incorporate the reporting requirements into AVCP's subaward award policy. Next, we will review all major grants to determine if FFATA is applicable. If FFATA is applicable, we will determine if subawards are paid out of grant. If subawards awards meet the requirements of FFATA reporting, then we will report the payments in Federal Subaward Reporting System.

Corrective Action: Finding 2020-003 TANF Reporting

Status: Resolved

In 2019, AVCP began the process of integrating its TANF program software (RiteTrack) and its finance software (MIP). There were a series of issues that led to program and finance reports that did not reconcile. Between July 2020 and January 2021, AVCP worked with the software designer and the State TANF grantor to fix the problems and create new internal reporting processes, and we successfully corrected the issue in February 2021.