



## **Association of Village Council Presidents**

Consolidated Financial Statements,  
Additional Information,  
and Single Audit Reports  
Years Ended December 31, 2021 and 2020

## **Association of Village Council Presidents**

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Consolidated Financial Statements, Additional Information,  
and Single Audit Reports  
Years Ended December 31, 2021 and 2020

# Association of Village Council Presidents

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Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

## **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, 2021 and 2020 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, 2021 and 2020, 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 19, 2022, 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 19, 2022

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## **Consolidated Financial Statements**

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**Association of Village Council Presidents**  
**Consolidated Statements of Financial Position**

<i>December 31,</i>	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 94,880,226	\$ 61,449,657
Accrued interest	30,677	38,436
Accounts receivable	55,290	17,616
Accounts receivable - grants	2,231,636	4,040,246
Prepays	330,517	349,134
<b>Total Current Assets</b>	<b>97,528,346</b>	<b>65,895,089</b>
Noncurrent assets:		
Investments - NAB	138,741	138,741
Property and equipment, net of accumulated depreciation	10,541,307	10,877,178
Collections	2,012,986	2,012,986
<b>Total Assets</b>	<b>\$ 110,221,380</b>	<b>\$ 78,923,994</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,198,788	\$ 960,197
Accrued payroll and related liabilities	1,000,080	1,338,882
Deferred revenue	2,215,778	2,090,967
<b>Total Current Liabilities</b>	<b>4,414,646</b>	<b>4,390,046</b>
Note payable	3,500,000	3,500,000
<b>Total Liabilities</b>	<b>7,914,646</b>	<b>7,890,046</b>
<b>Net Assets</b>		
Without donor restrictions	14,841,497	14,467,129
With donor restrictions	87,465,237	56,566,819
<b>Total Net Assets</b>	<b>102,306,734</b>	<b>71,033,948</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 110,221,380</b>	<b>\$ 78,923,994</b>

*See accompanying notes to consolidated financial statements.*

## Association of Village Council Presidents

### Consolidated Statements of Activities

Years Ended December 31,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Grants and contracts:						
Federal	\$ 14,492,813	\$ 57,024,485	\$ 71,517,298	\$ 15,750,742	\$ 40,855,500	\$ 56,606,242
State	4,649,352	-	4,649,352	4,136,711	-	4,136,711
Other	50,509	565,733	616,242	182,142	543,650	725,792
Investment income	37,498	-	37,498	137,295	-	137,295
Other revenues	430,077	-	430,077	(98,647)	-	(98,647)
Net assets released from restrictions	26,691,800	(26,691,800)	-	34,198,775	(34,198,775)	-
<b>Total Revenues</b>	<b>46,352,049</b>	<b>30,898,418</b>	<b>77,250,467</b>	<b>54,307,018</b>	<b>7,200,375</b>	<b>61,507,393</b>
<b>Expenses</b>						
Program services:						
Self-governance	24,525,544	-	24,525,544	24,481,129	-	24,481,129
Social services	17,850,291	-	17,850,291	18,988,171	-	18,988,171
Community services	3,073,563	-	3,073,563	10,607,772	-	10,607,772
Environmental	46,871	-	46,871	54,317	-	54,317
<b>Total program services</b>	<b>45,496,269</b>	<b>-</b>	<b>45,496,269</b>	<b>54,131,389</b>	<b>-</b>	<b>54,131,389</b>
Support services:						
General and administrative	9,955,848	-	9,955,848	8,675,236	-	8,675,236
Less indirect recovery	(9,474,436)	-	(9,474,436)	(10,114,451)	-	(10,114,451)
<b>Total support services</b>	<b>481,412</b>	<b>-</b>	<b>481,412</b>	<b>(1,439,215)</b>	<b>-</b>	<b>(1,439,215)</b>
<b>Total Expenses</b>	<b>45,977,681</b>	<b>-</b>	<b>45,977,681</b>	<b>52,692,174</b>	<b>-</b>	<b>52,692,174</b>
Change in net assets	374,368	30,898,418	31,272,786	1,614,844	7,200,375	8,815,219
<b>Net Assets, beginning of year</b>	<b>14,467,129</b>	<b>56,566,819</b>	<b>71,033,948</b>	<b>12,852,285</b>	<b>49,366,444</b>	<b>62,218,729</b>
<b>Net Assets, end of year</b>	<b>\$ 14,841,497</b>	<b>\$ 87,465,237</b>	<b>\$ 102,306,734</b>	<b>\$ 14,467,129</b>	<b>\$ 56,566,819</b>	<b>\$ 71,033,948</b>

*See accompanying notes to consolidated financial statements.*

**Association of Village Council Presidents**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Program Services					Supporting Activities	
	Self-Governance	Social Services	Community Services	Environmental	Total Program Services	General and Administration	Total
<b>Expenses</b>							
Wages and benefits	\$ 9,480,653	\$ 5,806,937	\$ 1,130,443	\$ 19,121	\$ 16,437,154	\$ 6,403,225	\$ 22,840,379
Travel	80,060	115,338	46,275	-	241,673	83,111	324,784
Stipends	51,535	60,050	-	-	111,585	45,265	156,850
Operating expenses	3,444,148	2,392,441	973,282	17,911	6,827,782	1,733,749	8,561,531
Contractual	243,591	913,001	129,275	-	1,285,867	586,660	1,872,527
Depreciation	-	-	-	-	-	562,114	562,114
Facilities	485,036	593,374	217,782	-	1,296,192	558,752	1,854,944
Assistance payments	3,636,083	6,233,538	160,098	-	10,029,719	-	10,029,719
Other expenses	-	550	525	-	1,075	-	1,075
	17,421,106	16,115,229	2,657,680	37,032	36,231,047	9,972,876	46,203,923
Indirect expense allocation	7,126,565	1,744,487	593,545	9,839	9,474,436	(9,474,436)	-
Property and equipment purchased with grant funds	(22,127)	(9,425)	(177,662)	-	(209,214)	(17,028)	(226,242)
<b>Total Expenses</b>	<b>\$ 24,525,544</b>	<b>\$ 17,850,291</b>	<b>\$ 3,073,563</b>	<b>\$ 46,871</b>	<b>\$ 45,496,269</b>	<b>\$ 481,412</b>	<b>\$ 45,977,681</b>

*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 Program Services	Supporting Activities	Total
	Self- Governance	Social Services	Community Services	Environmental		General and Administration	
<b>Expenses</b>							
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)
<b>Total Expenses</b>	<b>\$ 24,481,129</b>	<b>\$ 18,988,171</b>	<b>\$ 10,607,772</b>	<b>\$ 54,317</b>	<b>\$ 54,131,389</b>	<b>\$ (1,439,215)</b>	<b>\$ 52,692,174</b>

*See accompanying notes to consolidated financial statements.*

## Association of Village Council Presidents

### Consolidated Statements of Cash Flows

Years Ended December 31,	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 31,272,786	\$ 8,815,219
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	562,114	670,275
Decrease (increase) in operating assets:		
Accrued interest	7,759	(24,545)
Accounts receivable	(37,674)	(16,965)
Accounts receivable - grants	1,808,610	223,108
Prepays	18,617	(80,971)
Increase (decrease) in operating liabilities:		
Accounts payable	238,591	(1,349,807)
Accrued payroll and related liabilities	(338,802)	(12,215)
Deferred revenue	124,811	(300,328)
<b>Net Cash from Operating Activities</b>	<b>33,656,812</b>	<b>7,923,771</b>
<b>Net Cash for Investing Activities</b>		
Purchase and construction of property and equipment	(226,243)	(221,656)
Net change in cash and cash equivalents	33,430,569	7,702,115
<b>Cash and Cash Equivalents, beginning of year</b>	<b>61,449,657</b>	<b>53,747,542</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 94,880,226</b>	<b>\$ 61,449,657</b>

*See accompanying notes to consolidated financial statements.*

# Association of Village Council Presidents

## Notes to Consolidated Financial Statements Years Ended December 31, 2021 and 2020

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### 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, Allnivik Hotel, for the purposes of creating jobs and income for AVCP and its operations. The Allnivik 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

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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***

AVCP follows FASB ASC 606, Revenue from Contracts with Customers, whereby revenue is recognized under a five-step model 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.

### ***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.



# Association of Village Council Presidents

## Notes to Consolidated Financial Statements

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### ***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, 2021, AVCP had \$97,197,829 million in financial assets available to meet needs for general expenditures consisting of cash and cash equivalents of \$94,880,226 and grants and other receivables of \$2,217,603 and others. Of this amount, approximately \$89,681,015 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.

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.

# Association of Village Council Presidents

## Notes to Consolidated Financial Statements

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### *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.

### *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.

# Association of Village Council Presidents

## Notes to Consolidated Financial Statements

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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.

### ***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.

# Association of Village Council Presidents

## Notes to Consolidated Financial Statements

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### *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, 2021 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.

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# Association of Village Council Presidents

## Notes to Consolidated Financial Statements

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### 2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

<i>December 31, 2021</i>	Carrying Amount	Bank Balance
Checking accounts	\$ 86,068,847	\$ 86,660,624
Savings accounts	708,406	780,406
Money market funds	2,918,019	2,918,109
Certificates of deposit	5,184,954	5,184,954
<b>Total Cash and Cash Equivalents</b>	<b>\$ 94,880,226</b>	<b>\$ 95,544,093</b>

<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
<b>Total Cash and Cash Equivalents</b>	<b>\$ 61,449,657</b>	<b>\$ 61,948,942</b>

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, 2021 and 2020, 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 \$79,386,023 and \$43,997,388 at December 31, 2021 and 2020, respectively.

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# Association of Village Council Presidents

## Notes to Consolidated Financial Statements

### 4. Property and Equipment

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

<i>December 31,</i>	2021	2020
Property and equipment not being depreciated:		
Land	\$ 2,527,806	\$ 2,527,806
Work in progress	10,183	26,154
<b>Total property and equipment not being depreciated</b>	<b>2,537,989</b>	<b>2,553,960</b>
Property and equipment being depreciated:		
Buildings	12,580,702	12,580,704
Heavy equipment, vehicles, and software	5,751,662	6,369,443
Office furniture and equipment	3,925,718	3,515,772
Tools and other equipment	630,562	623,567
<b>Total property and equipment being depreciated</b>	<b>22,888,644</b>	<b>23,089,486</b>
Less accumulated depreciation	(14,885,326)	(14,766,268)
<b>Property and equipment being depreciated, net</b>	<b>8,003,318</b>	<b>8,323,218</b>
<b>Total Property and Equipment, net</b>	<b>\$ 10,541,307</b>	<b>\$ 10,877,178</b>

Depreciation expense was \$562,114 and \$670,275 for the years ended December 31, 2021 and 2020, respectively.

### 5. 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, 2021 and 2020 was \$3,500,000 and \$3,500,000 respectively. The revolving line of credit presented as note payable in the Consolidated Statements of Financial Position matures on February 1, 2023. Payment in full is due on the maturity date.

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# Association of Village Council Presidents

## Notes to Consolidated Financial Statements

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### 6. 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>	2021	2020
Total net assets without donor restrictions	\$ 14,841,497	\$ 14,467,129
Net assets with donor restrictions for purpose:		
Tribal Self Governance	38,178,898	22,739,215
Highway Planning and Construction	25,995,440	21,818,639
P.L. 102-477 Contract	18,845,708	7,733,871
Child Support Services	2,827,896	2,690,949
Tribal Title IV-E	773,894	924,081
Guardian Ad Litem	843,401	660,064
Total net assets with donor restrictions	87,465,237	56,566,819
<b>Total Net Assets</b>	<b>\$ 102,306,734</b>	<b>\$ 71,033,948</b>

### 7. 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, 2021 and 2020 totaled \$1,346,418 and \$1,382,516, respectively.

### 8. 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.

# Association of Village Council Presidents

## Notes to Consolidated Financial Statements

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### *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, 2021 and 2020 totaled \$544,851 and \$615,461, respectively.

## **9. Subsequent Events**

AVCP has evaluated subsequent events through September 19, 2022, the date on which the consolidated financial statements were available to be issued.



## **Additional Information**

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## Association of Village Council Presidents

### Combining Schedule of Activities - Corporate

Year Ended December 31, 2021

	Program Services				Support Services		Total
	Self-Governance	Social Services	Community Services	Environmental	Total Program Services	General and Administrative	
<b>Revenue</b>							
Grants and contracts:							
Federal	\$ 51,214,363	\$ 14,182,105	\$ 6,120,830	\$ -	\$ 71,517,298	\$ -	\$ 71,517,298
State	-	3,343,424	1,305,928	-	4,649,352	-	4,649,352
Other	-	560,778	-	44,784	605,562	10,680	616,242
Investment income	-	-	-	-	-	37,498	37,498
Other revenue	-	-	-	-	-	430,077	430,077
<b>Total Revenue</b>	<b>51,214,363</b>	<b>18,086,307</b>	<b>7,426,758</b>	<b>44,784</b>	<b>76,772,212</b>	<b>478,255</b>	<b>77,250,467</b>
<b>Expenses</b>							
Wages and benefits	9,480,653	5,806,937	1,130,443	19,121	16,437,154	6,403,225	22,840,379
Travel	80,060	115,338	46,275	-	241,673	83,111	324,784
Stipends	51,535	60,050	-	-	111,585	45,265	156,850
Operating expenses	3,444,148	2,392,441	973,282	17,911	6,827,782	1,733,749	8,561,531
Contractual	243,591	913,001	129,275	-	1,285,867	586,660	1,872,527
Depreciation	-	-	-	-	-	562,114	562,114
Facilities	485,036	593,374	217,782	-	1,296,192	558,752	1,854,944
Assistance payments	3,636,083	6,233,538	160,098	-	10,029,719	-	10,029,719
Other expenses	-	550	525	-	1,075	-	1,075
	17,421,106	16,115,229	2,657,680	37,032	36,231,047	9,972,876	46,203,923
Indirect expense allocation	7,126,565	1,744,487	593,545	9,839	9,474,436	(9,474,436)	-
<b>Total Expenses</b>	<b>24,547,671</b>	<b>17,859,716</b>	<b>3,251,225</b>	<b>46,871</b>	<b>45,705,483</b>	<b>498,440</b>	<b>46,203,923</b>
Property and equipment purchased with grant funds	(22,127)	(9,425)	(177,662)	-	(209,214)	(17,028)	(226,242)
<b>Change in Net Assets</b>	<b>\$ 26,688,819</b>	<b>\$ 236,016</b>	<b>\$ 4,353,195</b>	<b>\$ (2,087)</b>	<b>\$ 31,275,943</b>	<b>\$ (3,157)</b>	<b>\$ 31,272,786</b>

**Association of Village Council Presidents**  
**Combining Schedule of Expenses - General and Administrative**  
**Year Ended December 31, 2021**

	Administration					Total Administration
	Admini- stration	Facilities	Financial Services	Legal Services	Human Resources	
<b>Expenses</b>						
Wages and benefits	\$ 3,418,873	\$ 673,702	\$ 1,375,474	\$ 456,296	\$ 478,880	\$ 6,403,225
Travel	63,150	500	12,833	2,269	4,359	83,111
Stipends	45,265	-	-	-	-	45,265
Operating expenses	1,232,719	77,652	292,873	113,019	17,486	1,733,749
Contractual	71,960	25,751	343,139	350	145,460	586,660
Depreciation	562,114	-	-	-	-	562,114
Facilities	167,393	377,401	10,629	680	2,649	558,752
	5,561,474	1,155,006	2,034,948	572,614	648,834	9,972,876
Property and equipment purchased with grant funds	(17,028)	-	-	-	-	(17,028)
<b>Total Expenses</b>	<b>\$ 5,544,446</b>	<b>\$ 1,155,006</b>	<b>\$ 2,034,948</b>	<b>\$ 572,614</b>	<b>\$ 648,834</b>	<b>\$ 9,955,848</b>

**Association of Village Council Presidents**

**Schedule of Expenditures of Federal Awards  
for the Year Ended December 31, 2021**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
<b>Department of Commerce</b>				
Economic Development Support for Planning Organizations Partnership Planning Investment 21	11.302		\$ -	\$ 8,731
<b>Department of the Interior</b>				
Alaska Migratory Bird Co-Management Council 20	15.643		-	384
477 Cluster - direct:				
P.L. 102-477 Contract - Plan year 2018-2020	15.U02		147,981	4,978,988
P.L. 102-477 Contract - Plan year 2021-2023	15.U03		-	1,053,433
Tribal Self Governance COVID-19 477 Plan 2020	15.U02		-	534,506
Tribal Self Governance COVID-19 477 Plan 2021	15.U03		-	104
Total 477 Cluster			147,981	6,567,031
Tribal Self Governance:				
Tribal Self Governance 2013	15.022		-	1,427,164
Tribal Self Governance 2014	15.022		-	25,230
Tribal Self Governance 2015	15.022		-	7,175
Tribal Self Governance 2016	15.022		-	(7,987)
Tribal Self Governance 2017	15.022		-	108,222
Tribal Self Governance 2018	15.022		125,706	562,104
Tribal Self Governance 2019	15.022		39,035	256,239
Tribal Self Governance 2020	15.022		753,989	984,965
COVID-19 Tribal Self Governance 2020	15.022		-	315,722
Tribal Self Governance 2021	15.022		1,053,656	14,292,324
ARPA Tribal Self Governance 2021	15.022		-	6,673
Total Tribal Self Governance			1,972,386	17,977,831
Total Department of the Interior			2,120,367	24,545,246
<b>Department of Transportation</b>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction				
Indian Reservation Road Program 2011	20.205		-	321,511
Indian Reservation Road Program 2015	20.205		-	142,102
Indian Reservation Road Program 2016	20.205		-	252,510
Indian Reservation Road Program 2017	20.205		-	215
Indian Reservation Road Program 2018	20.205		-	2,683
Indian Reservation Road Program 2019	20.205		-	11,368
Indian Reservation Road Program 2020	20.205		-	599
Indian Reservation Road Program 2021	20.205		-	910,345
Total Highway Planning and Construction			-	1,641,333
Federal Lands Access Program 2019	20.224		-	38,385
Total Highway Planning and Construction Cluster			-	1,679,718
Total Department of Transportation			-	1,679,718

**Association of Village Council Presidents**  
**Schedule of Expenditures of Federal Awards, continued**  
**for the Year Ended December 31, 2021**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
<b>Environmental Protection Agency</b>				
Indian Environmental General Assistance Program				
Indian Environmental General Assistance Program 2020	66.926		\$ -	\$ (1,112)
Indian Environmental General Assistance Program 2021	66.926		-	12,941
Indian Environmental General Assistance Program 2022	66.926		-	1,264
Total Indian Environmental General Assistance Program			-	13,093
<b>Department of Education</b>				
American Indian Vocational Rehabilitation Services				
Vocational Rehabilitation 2018	84.250		-	569
Vocational Rehabilitation 2020	84.250		-	354,268
Vocational Rehabilitation 2021	84.250		-	149,284
Total American Indian Rehabilitation Services			-	504,121
<b>Department of Health and Human Services</b>				
Temporary Assistance for Needy Families				
Temporary Assistance for Needy Families 2016	93.558		-	197,491
Temporary Assistance for Needy Families 2018	93.558		-	4,158,495
Temporary Assistance for Needy Families 2019	93.558		-	671,186
Temporary Assistance for Needy Families 2020	93.558		1,124,720	2,700,324
Total Temporary Assistance for Needy Families			1,124,720	7,727,496
Low Income Home Energy Assistance				
Low Income Home Energy Program 2016	93.568		-	2,512
Low Income Home Energy Program 2019	93.568		-	871
Low Income Home Energy Program 2020 Reallotment	93.568		-	793
COVID-19 Low Income Home Energy Program 2020	93.568		-	689,723
Low Income Home Energy Program 2021	93.568		-	2,646,397
Low Income Home Energy Program 2022	93.568		-	21,991
Total Low Income Home Energy Assistance			-	3,362,287
Head Start Cluster:				
Federal Head Start 2020	93.600		-	(24,990)
COVID-19 - Federal Head Start 2020	93.600		-	37,997
Federal Head Start 2021	93.600		-	2,025,454
COVID-19 - Federal Head Start 2021			-	1,600
Total Head Start			-	2,040,061
Promoting Safe and Stable Families Program				
Promoting Safe and Stable Families 2020	93.556		-	121,494
Promoting Safe and Stable Families 2021	93.556		-	646
MaryLee Allen Promoting Safe and Stable Families 2021	93.556			83,272
Total Promoting Safe and Stable Families Program			-	205,412
Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes				
Older Americans Act Title VI, Part A 2017	93.047		-	11,341
Older Americans Act Title VI, Part A 2020	93.047		-	132,243
Total Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes			-	143,584

**Association of Village Council Presidents**  
**Schedule of Expenditures of Federal Awards, continued**  
**for the Year Ended December 31, 2021**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
<b>Department of Health and Human Services, continued</b>				
Stephanie Tubbs Jones Child Welfare Services Program				
CARES Act CWSS	93.645		\$ -	\$ 9,953
Child Welfare Social Services Program 2020	93.645		-	55,563
Child Welfare Social Services Program 2021	93.645		-	10,944
Total Child Welfare Social Services Program			-	76,460
<b>Aging Cluster</b>				
Nutrition Services Incentive Program 2017	93.053		-	1,555
Nutrition Services Incentive Program 2020	93.053		-	19,499
Nutrition Services Incentive Program 2021	93.053		-	36,442
Total Aging Cluster			-	57,496
Total Department of Health and Human Services			-	13,612,796
<b>Department of Agriculture</b>				
Passed through the State of Alaska Department of Education and Early Development				
Child and Adult Care Food Program 21	10.558	MA-0720401	-	83,592
Child and Adult Care Food Program 21	10.558	MA-0720401	-	29,098
Total Child & Adult Care Food Program			-	112,690
<b>Department of Justice</b>				
Public Safety Partnership and Community Policing Grant				
Tribal Resources Grant Program 2020	16.710		160,098	160,098
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,405,185</b>	<b>\$ 40,636,493</b>

*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, 2021

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### 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, 2021. 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 Assistance Listing 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, 2021

#### 5. Deferred Revenue by Federal Program

Deferred revenue for the Association of Village Council Presidents' federal programs at December 31, 2021 is as follows:

<i>Agency</i>	<i>Program Title</i>	Assistance Listing 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	86
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	42,575
Education	Rehabilitation Services American Indians With Disabilities	84.250	27,119
Interior	Alaska Migratory Bird Co-Management Council	15.643	16,094
Commerce	Economic Development Support for Planning Organizations	11.302	17,748
Environmental Protection	Indian Environmental General Assistance	66.926	14,511
Health and Human Services	Head Start	93.600	11,793
Education	Child and Adult Care Food Program	10.558	7,612
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	1,221
Total federal			718,159
State and other			1,497,619
<b>Total Deferred Revenue</b>			<b>\$ 2,215,778</b>



# Association of Village Council Presidents

## Notes to the Schedule of Expenditures of Federal Awards, continued For the Year Ended December 31, 2021

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### 6. Net Assets with Donor Restrictions by Assistance Listing Number

Assistance Listing Number	Program Title	Amount
15.022	Tribal Self Governance	\$ 38,178,897
15.U02	P.L. 102-477 Contract - Plan year 2018-2020	2,555,761
15.U03	P.L. 102-477 Contract - Plan year 2021-2023	16,289,948
20.205	Indian Reservation Road Program	25,995,440
Total federal		83,020,046
Total state and other		4,445,191
<b>Total Net Assets with Donor Restrictions</b>		<b>\$ 87,465,237</b>

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**Association of Village Council Presidents**

**Schedule of State Financial Assistance  
for the Year Ended December 31, 2021**

State Grantor / Program Title	Award Number	Total Award Amount	Passed Through to Subre- cipients	State Expend- itures
<b>Department of Health and Social Services</b>				
Major Programs:				
Native Family Assistance Program 2021	604-266-21001	\$ 4,702,500	\$ -	\$ 1,608,677
Native Family Assistance Program 2022	604-266-22001	4,702,500	-	1,346,298
Nonmajor Programs:				
Diligent Relative Search & Indian Child Welfare Act Preference Search 2021	0621-092	159,691	-	60,508
Diligent Relative Search & Indian Child Welfare Act Preference Search 2022	0621-092	194,691	-	71,957
Total Department of Health and Social Services			-	<u>3,087,440</u>
<b>Department of Public Safety</b>				
Major Programs:				
Village Public Safety Officer Program 2021	21-401	1,713,333	-	823,807
Village Public Safety Officer Program 2022	20-401	1,076,547	-	482,121
Total Department of Public Safety			-	<u>1,305,928</u>
<b>Department of Education &amp; Early Development</b>				
Major Program -				
Alaska Head Start 2021	HS 20.066.01	255,984	-	255,984
Total Department of Education & Early Development			-	<u>255,984</u>
<b>Total State Financial Assistance</b>			<u>\$ -</u>	<u>\$ 4,649,352</u>

*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, 2021

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### 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, 2021. 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.

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# 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, 2021</i>	Budget	Actual	Variance With Budget
<b>Revenues</b>			
State of Alaska	\$ 3,202,500	\$ 1,608,677	\$ (1,593,823)
<b>Expenses</b>			
Direct Expenses			
Assistance payments	3,202,500	1,608,677	(1,593,823)
<b>Excess of Revenues Over Expenses</b>	\$ -	\$ -	\$ -

# 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	2021	Total	
<b>Revenues</b>					
State of Alaska	\$ 3,202,500	\$ 1,430,328	\$ 1,346,298	\$ 2,776,626	\$ (425,874)
<b>Expenses</b>					
<b>Direct Expenses</b>					
Assistance payments	3,202,500	1,430,328	1,346,298	2,936,319	(266,181)
<b>Excess of Revenues Over Expenses</b>					
	\$ -	\$ -	\$ -	(159,693)	\$ -

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

Dilligent Relative Search & Indian Child Welfare Act Preference Search 2022

Award Number - 0621-092

Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31, 2021</i>	Budget	Actual	Variance With Budget
<b>Revenues</b>			
State of Alaska	\$ 194,691	\$ 71,957	\$ (122,734)
<b>Expenses</b>			
<b>Direct Expenses</b>			
Salaries	74,178	35,092	(39,086)
Payroll Taxes	34,122	12,420	(21,702)
Supplies	44,003	-	(44,003)
Indirect Expense Allocation	42,388	24,445	(17,943)
<b>Total Expenses</b>	<b>194,691</b>	<b>71,957</b>	<b>(122,734)</b>
<b>Excess of Revenues</b>			
Over Expenses	\$ -	\$ -	\$ -

# Association of Village Council Presidents

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

Dilligent Relative Search & Indian Child Welfare Act Preference Search 2021

Award Number - 0621-092

### Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31, 2021</i>	Budget	2021	Variance With Budget
<b>Revenues</b>			
State of Alaska	\$ 194,691	60,508	\$ (134,183)
<b>Expenses</b>			
<b>Direct Expenses</b>			
Salaries	74,178	31,591	(42,587)
Payroll Taxes	34,122	11,551	(22,571)
Supplies	44,003	-	(44,003)
Indirect Expense Allocation	42,388	17,366	(25,022)
<b>Total Expenses</b>	<b>194,691</b>	<b>60,508</b>	<b>(134,183)</b>
<b>Excess of Revenues</b>			
Over Expenses	\$ -	\$ -	\$ -

# Association of Village Council Presidents

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

2022 Child and Adult Care Food Program

Pass-through Identifying Number MA-720401

### Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31, 2021</i>	Budget	Actual	Variance With Budget
<b>Revenues</b>			
State of Alaska	\$ 145,275	\$ 29,098	\$ (116,177)
<b>Expenses</b>			
<b>Direct Expenses</b>			
Supplies	9,000	728	(8,272)
Postage Freight	12,150	1,455	(10,695)
Meals	124,125	26,915	(97,210)
<b>Total Expenses</b>	145,275	29,098	(116,177)
<b>Excess of Revenues     Over Expenses</b>	\$ -	\$ -	\$ -



# Association of Village Council Presidents

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

2021 Child and Adult Care Food Program

Pass-through Identifying Number MA-720401

### Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31, 2021</i>	Budget	Actual	Variance With Budget
<b>Revenues</b>			
State of Alaska	\$ 145,800	\$ 83,592	\$ (62,208)
<b>Expenses</b>			
<b>Direct Expenses</b>			
Supplies	52,650	8,386	(44,264)
Postage Freight	12,150	7,295	(4,855)
Meals	81,000	67,911	(13,089)
<b>Total Expenses</b>	145,800	83,592	(62,208)
<b>Excess of Revenues     Over Expenses</b>	\$ -	\$ -	\$ -

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**Single Audit Section**

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3601 C Street, Suite 600  
Anchorage, AK 99503

Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

## **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, 2021, 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 19, 2022.

### **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 19, 2022



3601 C Street, Suite 600  
Anchorage, AK 99503

Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

## **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 for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Association of Village Council President's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association of Village Council President's major federal programs for the year ended December 30, 2021. The 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, the 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 30, 2021.

#### ***Basis for Opinion for Each Major Federal Program***

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 the Association of Village Council Presidents and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Association of Village Council Presidents' compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Association of Village Council Presidents' federal programs.

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 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 the Association of Village Council Presidents' compliance with the requirements of the each major 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 the 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 the 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 the 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 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Association of Village Council Presidents' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The 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.

The Association of Village Council Presidents is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 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.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the 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. The 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 19, 2022



3601 C Street, Suite 600  
Anchorage, AK 99503

Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

## **Independent Auditor’s Report on Compliance For Each Major State Program; 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 for Each Major State Program**

#### ***Opinion on 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, 2021. 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, 2021.

#### ***Basis for Opinion on Each Major State Program***

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.

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 2021-002. 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 2021-002 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 19, 2022

# Association of Village Council Presidents

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

**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?      yes   X   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
93.558	Temporary Assistance for Needy Families	Health and Human Services
15.U02 - 15.U03	477 Cluster	Interior
93.568	Low Income Home Energy Assistance	Health and Human Services

Dollar threshold used to distinguish between Type A and Type B programs: \$1,219,095

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, 2021**

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**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**

**2021-001 Material Weakness in Internal Control over Compliance and Material Noncompliance - Reporting**

*Agency:* Department of Health and Human Services -  
*Programs:* Temporary Assistance for Needy Families (TANF) *CFDA No:* 93.558  
*Award No.* 16QLAKTANF - 2016  
18QLAKTANF - 2018  
19QLAKTANF - 2019  
20QLAKTANF - 2020

*Criteria/Specific Requirement:* 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 was unable to correct prior year finding until almost 6 months after year-end.

*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.

*Identification as a repeat finding:* Yes, 2020-002

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

*Views of Responsible Official and Plan Corrective Action:* Management concurs with the finding. See corrective action plan on pages 57-58.

**Association of Village Council Presidents**  
**Schedule of Findings and Questioned Costs, continued**  
**Year Ended December 31, 2021**

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**Section IV - State Award Findings and Questioned Costs**

**2021-002 Significant Deficiency in Internal Control over Compliance and Noncompliance-Reporting**

*State Agency:* State of Alaska Department of Health and Social Services:

*Grant Name:* Native Family Assistance Program 2021

Native Family Assistance Program 2022

*Grant Number:* 604-266-21001                      *Award Year:* 2021

604-266-22001                                      2022

*Criteria:* The State of Alaska Single Audit Guide and 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:* 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. One 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.

*Repeat Finding:* This is a repeat finding of 2020-003.

*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 on pages 57-58.



## Unaudited Information

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# ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS

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



## Summary of Prior Year (FY 20) Findings

### Finding 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

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

Status: Resolved

Corrective Action: 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 the 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 Requests for Proposals for Accounting Services (i.e., the questioned cost from this finding) and selected a vendor using the competitive procurement process.



## 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

**Prior Year Finding:** *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. AVCP did not register subawards in accordance with the applicable requirement.

**Status:** Repeated as Finding 2021-001, resolved as of September 2022

**Corrective Action:** In December 2021, we reviewed the FFATA reporting requirements and the Subaward Reporting System (FSRS) and updated our Subaward policy GNC-1221-001 to include the FFATA requirements and implemented the reporting requirements. Below is the update of the FFATA section of the Subaward policy.

- a. Subawards from Federal (not State) Awards that equal or exceed \$30,000 must be reported through the FFATA Subaward Reporting System (FSRS) at [fsrs.gov](https://fsrs.gov).
- b. Subawards must be reported no later than the end of the month in which the obligation was made. For example, if a \$30,000 subaward is executed January 15, 2022, the subaward must be reported in FSRS no later than February 28, 2022.
- c. The following data must be reported. This information is required information for each AVCP Subaward (see section 5.A above) and can be found in the subaward profile of each subaward:
  - i. Name of entity receiving the award
  - ii. Amount of award
  - iii. Funding agency
  - iv. CFDA number
  - v. Program source
  - vi. Award title descriptive of the purpose of the funding action
  - vii. Location of the entity (including congressional district)
  - viii. Place of performance (including congressional district)
  - ix. Unique identifier of the entity and its parent



## 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

**Prior Year Finding:** 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. Reports were not submitted timely in accordance with grant requirements.

**Status:** Repeated as Finding 2021-002

**Corrective Action:** 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 were not reconciled. 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.

# ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS

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



Contact Jack Robert Crow, Chief Administrative Officer  
Phone: 907-543-7321

## FY 21 Corrective Action Plan

### Corrective Action: Finding 2021-01 Federal Funding Accountability and Transparency Act (FFATA) Reporting

#### Prior Year Finding 2020-002

Status: Resolved as of September 30, 2022

In December 2021, we reviewed the FFATA reporting requirements and the Subaward Reporting System (FSRS) and updated our Subaward policy GNC-1221-001 to include the FFATA requirements and implemented the reporting requirements. Below is the update of the FFATA section of the Subaward policy.

- a. Subawards from Federal (not State) Awards that equal or exceed \$30,000 must be reported through the FFATA Subaward Reporting System (FSRS) at [fsrs.gov](https://fsrs.gov).
- b. Subawards must be reported no later than the end of the month in which the obligation was made. For example, if a \$30,000 subaward is executed January 15, 2022, the subaward must be reported in FSRS no later than February 28, 2022.
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  - vii. Location of the entity (including congressional district)
  - viii. Place of performance (including congressional district)
  - ix. Unique identifier of the entity and its parent



**Corrective Action: 2021-002 TANF Reporting**

**Prior Year Finding 2020-003**

Status: Resolved as of September 30, 2022.

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 were not reconciled. 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.