



Association of Village Council Presidents

Financial Statements, Additional
Information,
and Single Audit Reports
Years Ended December 31, 2022 and 2021

Association of Village Council Presidents

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and Single Audit Reports
Years Ended December 31, 2022 and 2021

Association of Village Council Presidents

Contents

	<u>Page</u>
Independent Auditor's Report	1-3
FINANCIAL STATEMENTS	
Statements of Financial Position	6
Statements of Activities	7
Statement of Functional Expenses FY22	8
Statement of Functional Expenses FY21	9
Statements of Cash Flows	10
Notes to Financial Statements	11-20
ADDITIONAL INFORMATION	
Combining Schedule of Activities - Corporate	22
Combining Schedule of Expenses - General and Administrative	23
Schedule of Expenditures of Federal Awards	24-26
Notes to the Schedule of Expenditures of Federal Awards	27-28
Schedule of State Financial Assistance	29
Notes to the Schedule of State Financial Assistance	30
Revenue, and Expenses - Budget and Actual - Department of Health and Social Services Grants	31-36
SINGLE AUDIT SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	38-39
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	40-43
Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	44-47
Schedule of Findings and Questioned Costs	48-52
UNAUDITED INFORMATION	
Summary Schedule of Prior Audit Findings	54
Corrective Action Plan	55-56



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Independent Auditor's Report

Board of Directors
Association of Village Council Presidents
Bethel, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying the financial statements of Association of Village Council Presidents (the Association), which comprise the balance sheets as of December 31, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2022 and 2021, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of activities and expenses and the schedules of support and revenue and expenses - budget and actual - Department of Health and Social Services, 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* are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, 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, P.C.

Anchorage, Alaska
September 18, 2023

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Financial Statements

Association of Village Council Presidents

Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 87,125,779	\$ 94,880,226
Accrued interest	35,976	30,677
Accounts receivable	45,061	55,290
Accounts receivable - grants	2,331,541	2,231,636
Prepays	397,468	330,517
Total Current Assets	89,935,825	97,528,346
Noncurrent assets:		
Investments - NAB	-	138,741
Property and equipment, net of accumulated depreciation	10,338,325	10,541,307
Collections	2,012,986	2,012,986
Total Assets	\$ 102,287,136	\$ 110,221,380
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,820,968	\$ 1,198,788
Accrued payroll and related liabilities	878,267	1,000,080
Deferred revenue	3,464,476	2,215,778
Total Current Liabilities	6,163,711	4,414,646
Note payable	2,150,000	3,500,000
Total Liabilities	8,313,711	7,914,646
Net Assets		
Without donor restrictions	15,576,486	14,841,497
With donor restrictions	78,396,939	87,465,237
Total Net Assets	93,973,425	102,306,734
Total Liabilities and Net Assets	\$ 102,287,136	\$ 110,221,380

See accompanying notes to financial statements.

Association of Village Council Presidents
Statements of Activities

<i>Years Ended December 31,</i>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Grants and contracts:						
Federal	\$ 16,825,596	\$ 38,710,279	\$ 55,535,875	\$ 14,492,813	\$ 57,024,485	\$ 71,517,298
State	4,966,256	126,192	5,092,448	4,649,352	-	4,649,352
Other	909,481	166,670	1,076,151	50,509	565,733	616,242
Investment income	232,399	-	232,399	37,498	-	37,498
Other revenues	117,610	-	117,610	430,077	-	430,077
Net assets released from restrictions	48,071,439	(48,071,439)	-	26,691,800	(26,691,800)	-
Total Revenues	71,122,781	(9,068,298)	62,054,483	46,352,049	30,898,418	77,250,467
Expenses						
Program services:						
Self-governance	35,466,144	-	35,466,144	24,525,544	-	24,525,544
Social services	20,442,081	-	20,442,081	17,850,291	-	17,850,291
Community services	14,938,429	-	14,938,429	3,073,563	-	3,073,563
Environmental	26,302	-	26,302	46,871	-	46,871
Total program services	70,872,956	-	70,872,956	45,496,269	-	45,496,269
Support services:						
General and administrative	9,787,150	-	9,787,150	9,955,848	-	9,955,848
Less indirect recovery	(10,272,314)	-	(10,272,314)	(9,474,436)	-	(9,474,436)
Total support services	(485,164)	-	(485,164)	481,412	-	481,412
Total Expenses	70,387,792	-	70,387,792	45,977,681	-	45,977,681
Change in net assets	734,989	(9,068,298)	(8,333,309)	374,368	30,898,418	31,272,786
Net Assets, beginning of year	14,841,497	87,465,237	102,306,734	14,467,129	56,566,819	71,033,948
Net Assets, end of year	\$ 15,576,486	\$ 78,396,939	\$ 93,973,425	\$ 14,841,497	\$ 87,465,237	\$ 102,306,734

See accompanying notes to financial statements.

Association of Village Council Presidents

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services					Supporting Activities	
	Self-Governance	Social Services	Community Services	Environmental	Total Program Services	General and Administration	Total
Expenses							
Wages and benefits	\$ 12,509,804	\$ 4,057,304	\$ 2,025,131	\$ 16,628	\$ 18,608,867	\$ 6,072,973	\$ 24,681,840
Travel	1,016,688	396,753	185,225	-	1,598,666	289,830	1,888,496
Stipends	146,260	61,300	-	-	207,560	62,584	270,144
Operating expenses	6,701,737	1,388,090	5,672,661	-	13,762,488	1,416,562	15,179,050
Contractual	751,942	888,369	550,137	-	2,190,448	583,927	2,774,375
Depreciation	-	-	-	-	-	533,878	533,878
Facilities	1,169,223	243,487	5,671,119	-	7,083,829	602,876	7,686,705
Assistance payments	6,009,386	11,338,667	37,206	-	17,385,259	(3,040)	17,382,219
Other expenses	-	-	-	-	-	255,133	255,133
	28,305,040	18,373,970	14,141,479	16,628	60,837,117	9,814,723	70,651,840
Indirect expense allocation	7,397,579	2,068,111	796,950	9,674	10,272,314	(10,272,314)	-
Property and equipment purchased with grant funds	(236,475)	-	-	-	(236,475)	(27,573)	(264,048)
Total Expenses	\$ 35,466,144	\$ 20,442,081	\$ 14,938,429	\$ 26,302	\$ 70,872,956	\$ (485,164)	\$ 70,387,792

See accompanying notes to financial statements.

Association of Village Council Presidents

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
Expenses							
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)
Total Expenses	\$ 24,525,544	\$ 17,850,291	\$ 3,073,563	\$ 46,871	\$ 45,496,269	\$ 481,412	\$ 45,977,681

See accompanying notes to financial statements.

Association of Village Council Presidents

Statements of Cash Flows

Years Ended December 31,	2022	2021
Cash Flows from (for) Operating Activities		
Change in net assets	\$ (8,333,309)	\$ 31,272,786
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	533,878	562,114
Decrease (increase) in operating assets:		
Accrued interest	(5,299)	7,759
Accounts receivable	10,229	(37,674)
Accounts receivable - grants	(99,905)	1,808,610
Prepays	(66,951)	18,617
Increase (decrease) in operating liabilities:		
Accounts payable	622,180	238,591
Accrued payroll and related liabilities	(121,813)	(338,802)
Deferred revenue	1,248,698	124,811
Net Cash from (for) Operating Activities	(6,212,292)	33,656,812
Net Cash for Investing Activities		
Proceeds from sale of land	31,289	-
Distributions received from investments	138,741	-
Purchase and construction of property and equipment	(362,185)	(226,243)
Net Cash for Investing Activities	(192,155)	(226,243)
Net Cash for Financing Activities		
Payments on note payable	(1,350,000)	-
Net change in cash and cash equivalents	(7,754,447)	33,430,569
Cash and Cash Equivalents, beginning of year	94,880,226	61,449,657
Cash and Cash Equivalents, end of year	\$ 87,125,779	\$ 94,880,226

See accompanying notes to financial statements.

Association of Village Council Presidents

Notes to Financial Statements Years Ended December 31, 2022 and 2021

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.

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 AVCP's 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.

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Association of Village Council Presidents

Notes to Financial Statements

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

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

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

Revenues from Contracts with Customers

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 Association'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 Association considers control to be transferred when it has a present right to payment and the customer has legal title. Determining a measure of progress and when control transfers requires AVCP to make judgments that affect the timing of when revenue is recognized. Essentially all of AVCP's contracts satisfy their performance obligations over time.

Association of Village Council Presidents

Notes to Financial Statements

Performance Obligations

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

Allocation of Indirect Expenses

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

Functional Allocation of Expenses

AVCP provides housing improvement, environmental matters and social and economic services to Alaska Native people in the region. The cost of providing program services and supporting activities has been summarized on the 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, 2022, AVCP had \$89,323,455 in financial assets available to meet needs for general expenditures consisting of cash and cash equivalents of \$87,125,779 and grants and other receivables of \$2,197,666 and others. Of this amount, approximately \$81,861,415 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 statements of financial position.

Association of Village Council Presidents

Notes to Financial Statements

As part of AVCP's liquidity management, there is a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, AVCP invests cash in excess of daily requirements in short-term investments, including money market accounts and certificates of deposit. AVCP has a \$3,500,000 million long-term line of credit available to meet cash flow needs, of which \$2,150,000 has been utilized at year-end.

Cash and Cash Equivalents

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

Investments

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

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Association of Village Council Presidents

Notes to Financial Statements

Property and Equipment

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

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

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

Collections

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

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

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

Accounts Receivable

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

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

Association of Village Council Presidents

Notes to Financial Statements

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

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

Use of Estimates

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

Recently Adopted Accounting Standards

Revenue Recognition

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 Association'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, 2022 as a result of applying ASC 606.

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. There were no significant changes to balances of the related lease accounts for the year ended December 31, 2022 as a result of applying ASC 842.

Association of Village Council Presidents

Notes to Financial Statements

2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

<i>December 31, 2022</i>	Carrying Amount	Bank Balance
Checking accounts	\$ 78,179,416	\$ 79,720,732
Savings accounts	780,490	780,490
Money market funds	3,004,078	3,004,078
Certificates of deposit	5,161,795	5,161,795
Total Cash and Cash Equivalents	\$ 87,125,779	\$ 88,667,095

<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
Total Cash and Cash Equivalents	\$ 94,880,226	\$ 95,544,093

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, 2022 and 2021, 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. Deposits at certain financial institutions are either collateralized or held in sweep accounts secured by collateral of government securities in the financial institutions' name. Uninsured deposits, uncollateralized, or held in sweep accounts secured by collateral of government securities, deposits were \$5,442,286 and \$5,673,795 at December 31, 2022 and 2021, respectively.

Association of Village Council Presidents

Notes to Financial Statements

4. Property and Equipment

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

<i>December 31,</i>	2022	2021
Property and equipment not being depreciated:		
Land	\$ 2,527,806	\$ 2,527,806
Work in progress	130,836	10,183
Total property and equipment not being depreciated	2,658,642	2,537,989
Property and equipment being depreciated:		
Buildings	12,587,045	12,580,702
Heavy equipment, vehicles, and software	5,988,138	5,751,662
Office furniture and equipment	3,928,473	3,925,718
Tools and other equipment	630,562	630,562
Total property and equipment being depreciated	23,134,218	22,888,644
Less accumulated depreciation	(15,454,535)	(14,885,326)
Property and equipment being depreciated, net	7,679,683	8,003,318
Total Property and Equipment, net	\$ 10,338,325	\$ 10,541,307

Depreciation expense was \$533,878 and \$562,114 for the years ended December 31, 2022 and 2021, 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 CD index, currently 2.4%, 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, 2022 and 2021 was \$2,150,000 and \$3,500,000 respectively. The revolving line of credit presented as note payable in the 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 Financial Statements

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.

Net assets with donor restrictions include amounts received in advance from various federal, state, and local agencies for program expenditures restricted to use for the purposes of the awards as listed in the table below. The amounts received are recorded as revenue 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.

The following provides detail of the various net assets with donor restrictions:

<i>December 31,</i>	2022	2021
Total net assets without donor restrictions	\$ 15,575,385	\$ 14,841,497
Net assets with donor restrictions for purpose:		
Tribal Self Governance	35,772,476	38,178,898
Highway Planning and Construction	18,800,332	25,995,440
P.L. 102-477 Contract	19,871,683	18,845,708
Child Support Services	2,942,377	2,827,896
Tribal Title IV-E	-	773,894
Guardian Ad Litem	1,010,071	843,401
Total net assets with donor restrictions	78,396,939	87,465,237
Total Net Assets	\$ 93,972,324	\$ 102,306,734

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, 2022 and 2021 totaled \$1,409,859 and \$1,346,418, 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

Association of Village Council Presidents

Notes to Financial Statements

previously been granted. Adjustments of amounts received under grants and contracts could result if the grants and contracts are audited by such agencies. Management does not believe the amount of adjustments, if any, would be material and, accordingly, no provision for liability from such adjustments, if any, has been included in the accompanying financial statements.

Indirect Expenses

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

Leases

AVCP has entered into several predominantly month-to-month operating leases with affiliated tribal associates. AVCP's annual lease expense for the years ended December 31, 2022 and 2021 totaled \$697,529 and \$544,851, respectively.

Subject to the provisions of Section 105(l) of P.L. 93-638, AVCP and the Bureau of Indian Affairs have negotiated leases under a funding agreement for programs contracted under the Indian Self-Determination Act, PL. 93-638. Section 105(l) lease compensation was paid for building facilities and the amount paid for the year ended December 31, 2022 was \$1,189,385.

9. Subsequent Events

AVCP has evaluated subsequent events through September 18, 2023, the date on which the financial statements were available to be issued.

Additional Information

Association of Village Council Presidents

Combining Schedule of Activities - Corporate

Year Ended December 31, 2022

	Program Services				Support Services		Total
	Self-Governance	Social Services	Community Services	Environmental	Program Services	General and Administrative	
Revenue							
Grants and contracts:							
Federal	\$ 32,835,999	\$ 16,269,458	\$ 6,430,418	\$ -	\$ 55,535,875	\$ -	\$ 55,535,875
State	-	3,768,920	1,323,528	-	5,092,448	-	5,092,448
Other	-	(123,709)	-	10,475	(113,234)	1,189,385	1,076,151
Investment income	-	-	-	-	-	232,399	232,399
Other revenue	-	-	-	-	-	117,610	117,610
Total Revenue	32,835,999	19,914,669	7,753,946	10,475	60,515,089	1,539,394	62,054,483
Expenses							
Wages and benefits	12,509,804	4,057,304	2,025,131	16,628	18,608,867	6,072,973	24,681,840
Travel	1,016,688	396,753	185,225	-	1,598,666	289,830	1,888,496
Stipends	146,260	61,300	-	-	207,560	62,584	270,144
Operating expenses	6,701,737	1,388,090	5,672,661	-	13,762,488	1,416,562	15,179,050
Contractual	751,942	888,369	550,137	-	2,190,448	583,927	2,774,375
Depreciation	-	-	-	-	-	533,878	533,878
Facilities	1,169,223	243,487	5,671,119	-	7,083,829	602,876	7,686,705
Assistance payments	6,009,386	11,338,667	37,206	-	17,385,259	(3,040)	17,382,219
Other expenses	-	-	-	-	-	255,133	255,133
	28,305,040	18,373,970	14,141,479	16,628	60,837,117	9,814,723	70,651,840
Indirect expense allocation	7,397,579	2,068,111	796,950	9,674	10,272,314	(10,272,314)	-
Total Expenses	35,702,619	20,442,081	14,938,429	26,302	71,109,431	(457,591)	70,651,840
Property and equipment purchased with grant funds	(236,475)	-	-	-	(236,475)	(27,573)	(264,048)
Change in Net Assets	\$ (2,630,145)	\$ (527,412)	\$ (7,184,483)	\$ (15,827)	\$ (10,357,867)	\$ 2,024,558	\$ (8,333,309)

Association of Village Council Presidents

Combining Schedule of Expenses - General and Administrative Year Ended December 31, 2022

	Administration							
	Admini- stration	Facilities	Financial Services	Legal Services	Human Resources	Grants & Compliance	Information Technology	Total Administration
Expenses								
Wages and benefits	\$ 1,813,541	\$ 659,162	\$ 1,274,504	\$ 532,194	\$ 606,587	\$ 478,356	\$ 708,629	\$ 6,072,973
Travel	225,356	-	14,180	20,141	7,547	2,019	20,587	289,830
Stipends	62,584	-	-	-	-	-	-	62,584
Operating expenses	618,327	123,610	266,085	85,330	54,832	9,248	259,130	1,416,562
Contractual	48,755	8,686	349,301	46,883	64,654	133	65,515	583,927
Depreciation	533,878	-	-	-	-	-	-	533,878
Facilities	149,674	399,212	3,685	720	260	1,239	48,086	602,876
Assistance payments	(3,040)	-	-	-	-	-	-	(3,040)
Other expense	255,133	-	-	-	-	-	-	255,133
	3,704,208	1,190,670	1,907,755	685,268	733,880	490,995	1,101,947	9,814,723
Property and equipment purchased with grant funds	-	(27,573)	-	-	-	-	-	(27,573)
Total Expenses	\$ 3,704,208	\$ 1,163,097	\$ 1,907,755	\$ 685,268	\$ 733,880	\$ 490,995	\$ 1,101,947	\$ 9,787,150

Association of Village Council Presidents
Schedule of Expenditures of Federal Awards
for the Year Ended December 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
Department of the Interior				
Alaska Migratory Bird Co-Management Council 20	15.643		\$ -	\$ 3,489
477 Cluster - direct:				
P.L. 102-477 Contract - Plan year 2018-2020	15.U02		114,094	2,463,782
P.L. 102-477 Contract - Plan year 2021-2023	15.U03		-	10,317,177
Tribal Self Governance COVID-19 477 Plan 2020	15.U02		-	3,875
Tribal Self Governance COVID-19 477 Plan 2021	15.U03		-	474,706
Total 477 Cluster			114,094	13,259,540
Tribal Self Governance:				
Tribal Self Governance 2013	15.022		-	1,075,478
Tribal Self Governance 2016	15.022		5,000	5,000
Tribal Self Governance 2017	15.022		25,000	149,439
Tribal Self Governance 2018	15.022		30,000	1,075,206
Tribal Self Governance 2019	15.022		277,197	1,260,842
Tribal Self Governance 2020	15.022		442,618	475,757
COVID-19 Tribal Self Governance 2020	15.022		150,000	337,202
Tribal Self Governance 2021	15.022		950,790	1,208,460
ARPA Tribal Self Governance 2021	15.022		1,822,158	1,822,158
ARPA Tribal Self Governance HIP 2021	15.022		-	6,419
Tribal Self Governance 2022	15.022		827,691	15,032,111
Total Tribal Self Governance			4,530,454	22,448,072
Total Department of the Interior			4,644,548	35,711,101
Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction				
Indian Reservation Road Program 2011	20.205		-	412,231
Indian Reservation Road Program 2012	20.205		-	799
Indian Reservation Road Program 2015	20.205		-	581,654
Indian Reservation Road Program 2016	20.205		-	1,344,700
Indian Reservation Road Program 2017	20.205		-	(806)
Indian Reservation Road Program 2018	20.205		-	2,407
Indian Reservation Road Program 2019	20.205		-	4,608,356
Indian Reservation Road Program 2021	20.205		-	1,203,171
Indian Reservation Road Program 2022	20.205		-	4,910,102
Indian Reservation Road Program 2023	20.205		-	271,273
Total Highway Planning and Construction			-	13,333,887

Association of Village Council Presidents

Schedule of Expenditures of Federal Awards, continued for the Year Ended December 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
Environmental Protection Agency				
Indian Environmental General Assistance Program				
Indian Environmental General Assistance Program 2022	66.926		\$ -	\$ 96,433
Department of Education				
American Indian Vocational Rehabilitation Services				
Vocational Rehabilitation 2021	84.250		-	403,577
Vocational Rehabilitation 2022	84.250		-	127,833
Total American Indian Rehabilitation Services			-	531,410
Department of Health and Human Services				
Temporary Assistance for Needy Families				
Temporary Assistance for Needy Families 2018	93.558		-	1,986
Temporary Assistance for Needy Families 2019	93.558		-	1,172,736
Temporary Assistance for Needy Families 2020	93.558		1,870,183	2,855,495
Temporary Assistance for Needy Families 2021	93.558		328,880	370,589
Temporary Assistance for Needy Families 2021	93.558		-	1,402,242
Total Temporary Assistance for Needy Families			2,199,063	5,803,048
Low Income Home Energy Assistance				
Low Income Home Energy Program 2019	93.568		-	(19)
COVID-19 Low Income Home Energy Program 2020	93.568		-	2,799
COVID-19 Low Income Home Energy Program 2021	93.568		-	3,380,897
Low Income Home Energy Program 2022	93.568		-	2,954,308
Low Income Home Energy Program 2023	93.568		-	565,412
Total Low Income Home Energy Assistance			-	6,903,397
Head Start Cluster:				
COVID-19 - Federal Head Start 2021	93.600		-	64,916
COVID-19 - Federal Head Start 2022	93.600		-	104,660
Federal Head Start 2022	93.600		-	2,358,037
Total Head Start			-	2,527,613
Promoting Safe and Stable Families Program				
Promoting Safe and Stable Families 2021	93.556		-	120,456
Promoting Safe and Stable Families 2022	93.556		-	2,796
Mary Lee Allen Promoting Safe and Stable Families	93.556		-	29,631
Total Promoting Safe and Stable Families Program			-	152,883

Association of Village Council Presidents

Schedule of Expenditures of Federal Awards, continued for the Year Ended December 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
Department of Health and Human Services, continued				
Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes				
Older Americans Act Title VI, Part A 2020	93.047		\$ 181,143	\$ 181,143
CARES Act for Nutrition Services	93.047		-	88,920
Consolidated Appropriations Act, 2021 Suppl. Funding, for OAA Title VI-A & B	93.047		-	31,080
ARPA for OAA Title VI part A/B	93.047		-	43,490
Total Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes			181,143	344,633
Stephanie Tubbs Jones Child Welfare Services Program				
Child Welfare Social Services Program 2021	93.645		-	57,460
Child Welfare Social Services Program 2022	93.645		-	14,390
Total Child Welfare Social Services Program			-	71,850
Aging Cluster				
Nutrition Services Incentive Program 2020	93.053		-	34,598
Nutrition Services Incentive Program 2021	93.053		-	10,561
Total Aging Cluster			-	45,159
Total Department of Health and Human Services			2,380,206	15,848,583
Department of Agriculture				
Passed through the State of Alaska Department of Education and Early Development				
Child and Adult Care Food Program 2022	10.558	MA-0720401	-	67,845
Child and Adult Care Food Program 2023	10.558	MA-0720401	-	34,123
Total Child & Adult Care Food Program			-	101,968
Department of Justice				
Public Safety Partnership and Community Policing Grant Tribal Resources Grant Program 2020	16.710		37,206	183,678
Total Expenditures of Federal Awards			\$ 7,061,960	\$ 65,807,060

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, 2022

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, 2022. 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 Nonprofit 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, 2022

5. Net Assets with Donor Restrictions by Assistance Listing Number

Assistance Listing Number	Program Title	Amount
15.022	Tribal Self Governance	\$ 35,772,475
15.U02	P.L. 102-477 Contract - Plan year 2018-2020	968,362
15.U03	P.L. 102-477 Contract - Plan year 2021-2023	18,903,322
20.205	Highway Planning and Construction	18,800,332
Total federal		74,444,491
Total state and other		3,952,448
Total Net Assets with Donor Restrictions		\$ 78,396,939

Association of Village Council Presidents

Schedule of State Financial Assistance for the Year Ended December 31, 2022

State Grantor / Program Title	Award Number	Total Award Amount	Passed Through to Subre- cipients	State Expend- itures
Department of Health and Social Services				
Major Programs:				
TANF - Child Support Services Division 2020	604-266-20001	\$ 191,150	\$ -	\$ 50
Native Family Assistance Program 2022	604-266-22001	2,702,500	-	1,291,128
TANF - Child Support Services Division 2022	604-266-20002	103,830	-	3,441
Native Family Assistance Program 2023	604-266-23001	4,702,500	-	1,870,286
TANF - Child Support Services Division 2023	604-266-20003	71,149	-	8,219
Nonmajor Programs:				
Diligent Relative Search & Indian Child Welfare Act Preference Search 2022	0622-092	194,691	-	64,032
Diligent Relative Search & Indian Child Welfare Act Preference Search 2022	0623-092	671,175	-	72,429
Total Department of Health and Social Services			-	3,309,585
Department of Public Safety				
Nonmajor Programs:				
Village Public Safety Officer Program 2022	22-401	1,076,547	-	675,802
Village Public Safety Officer Program 2023	23-401	1,611,050	-	638,370
Total Department of Public Safety			-	1,314,172
Department of Education & Early Development				
Nonmajor Program:				
Alaska Head Start 2022	HS 22.066.01	344,855	-	344,855
Total Department of Education & Early Development			-	344,855
Total State Financial Assistance			\$ -	\$ 4,968,612

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, 2022

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, 2022. 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.

2. Summary of Significant Accounting Policies

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

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

2022 Native Family Assistance Program 604-266-22001

Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31, 2022</i>	Budget	Actual	Variance With Budget
Revenues			
State of Alaska	\$ 2,702,500	\$ 1,291,128	\$ (1,411,372)
Expenses			
Direct Expenses			
Personnel	675,849	308,554	367,295
Other costs	1,678,927	835,335	843,592
Indirect expense allocation	347,724	147,239	200,485
Total Expenses	2,702,500	1,291,128	1,411,372
Excess of Revenues Over Expenses	\$ -	\$ -	\$ -

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

2023 Native Family Assistance Program 604-266-23001

Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31,</i>	Budget	Actual	Variance With Budget
Revenues			
State of Alaska	\$ 4,702,500	\$ 1,870,286	\$ (2,832,214)
Expenses			
Direct Expenses			
Personnel	1,133,818	497,770	636,048
Travel	50,340	5,700	44,640
Other costs	3,078,410	1,170,865	1,907,545
Indirect expense allocation	439,932	195,951	243,981
Total Expenses	4,702,500	1,870,286	2,832,214
Excess of Revenues Over Expenses	\$ -	\$ -	\$ -

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

Diligent Relative Search & Indian Child Welfare Act Preference Search 2022

Award Number - 0622-092

Schedule of Revenues and Expenses - Budget and Actual

Year Ended December 31, 2022	Budget	Actual			Variance With Budget
		Prior Years	2022	Total	
Revenues					
State of Alaska	\$ 194,691	\$ 71,957	\$ 64,032	\$ 135,989	\$ (58,702)
Expenses					
Direct Expenses					
Personnel	108,300	47,512	42,845	90,357	17,943
Contractual	-	-	1,875	1,875	(1,875)
Supplies	44,003	-	4,479	4,479	39,524
Dues and fees	-	-	300	300	(300)
Indirect expense allocation	42,388	24,445	14,533	38,978	3,410
Total Expenses	194,691	71,957	64,032	135,989	58,702
Excess of Revenues					
Over Expenses	\$ -	\$ -	\$ -	\$ -	\$ -

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

Diligent Relative Search & Indian Child Welfare Act Preference Search 2023

Award Number - 0623-092

Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31, 2022</i>	Budget	Actual	Variance With Budget
Revenues			
State of Alaska	\$ 635,067	\$ 72,429	\$ (562,638)
Expenses			
Direct Expenses			
Personnel	108,300	47,977	60,323
Facilities	60,000	-	60,000
Contractual	10,000	-	10,000
Supplies	159,939	2,860	157,079
Travel	135,000	2,553	132,447
Dues and fees	5,000	217	4,783
Other	22,075	-	22,075
Assistance payments	100,000	-	100,000
Indirect expense allocation	34,753	18,822	15,931
Total Expenses	635,067	72,429	562,638
Excess of Revenues Over Expenses	\$ -	\$ -	\$ -

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

2023 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, 2022</i>	Budget	Actual	Variance With Budget
Revenues			
Federal pass-through			
State of Alaska	\$ 164,960	\$ 34,123	\$ (130,837)
Expenses			
Direct Expenses			
Supplies	9,000	901	8,099
Dues and fees	143,360	31,897	111,463
Other	12,600	1,325	11,275
Total Expenses	164,960	34,123	130,837
Excess of Revenues Over Expenses	\$ -	\$ -	\$ -

Association of Village Council Presidents

State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Public Assistance

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, 2022</i>	Budget	Prior Years	Actual	Total	Variance With Budget
Revenues					
Federal pass-through					
State of Alaska	\$ 145,275	\$ 29,098	\$ 67,845	\$ 96,943	\$ (48,332)
Expenses					
Direct Expenses					
Supplies	9,000	728	2,841	3,569	5,431
Dues and fees	124,125	26,915	60,895	87,810	36,315
Other	12,150	1,455	4,109	5,564	6,586
Total Expenses	145,275	29,098	67,845	96,943	48,332
Excess of Revenues					
Over Expenses	\$ -	\$ -	\$ -	\$ -	\$ -

Single Audit Section



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

Board of Directors
Association of Village Council Presidents
Bethel, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Association of Village Council Presidents, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 Association of Village Council Presidents' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

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Report on 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*.

Association of Village Council Presidents' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Association of Village Council Presidents' response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

BDO USA, P.C.

Anchorage, Alaska
September 18, 2023



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**Independent Auditor’s Report on Compliance for Each Major Federal Program;
 Report on Internal Control Over Compliance; and Report on Schedule of
 Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Directors
 Association of Village Council Presidents
 Bethel, Alaska

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Association of Village Council Presidents’ 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 Presidents’ major federal programs for the year ended December 31, 2022. 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.

Summary of Opinions

Major Federal Program	Type of Opinion
Temporary Assistance for Needy Families	Qualified
Low-Income Home Energy Assistance	Unmodified
Head Start	Unmodified
Highway Planning and Construction	Unmodified

Qualified Opinion on Temporary Assistance for Needy Families

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Association of Village Council Presidents complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *Temporary Assistance for Needy Families* for the year ended December 31, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Association of Village Council Presidents complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

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Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Association of Village Council Presidents 's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Temporary Assistance for Needy Families

As described in Finding 2022-003 in the accompanying schedule of findings and questioned costs, the Association of Village Council Presidents did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-003	93.558	Temporary Assistance for Needy Families	Reporting

Compliance with such requirements is necessary, in our opinion, for the Association of Village Council Presidents to comply with the compliance requirements applicable to that program.

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.

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 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 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.

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 and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 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 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.

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. 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, P.C.

Anchorage, Alaska
September 18, 2023



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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, 2022. 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, 2022.

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 2022-004. Our opinion on each major state program is not modified with respect to these matters.

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 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 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, P.C.

Anchorage, Alaska
September 18, 2023

Association of Village Council Presidents

Schedule of Findings and Questioned Costs Year Ended December 31, 2022

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? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified for all major federal programs except for Temporary Assistance for Needy Families, which was qualified.

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:

<i>ALN</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
93.558	Temporary Assistance for Needy Families	Health and Human Services
93.568	Low-Income Home Energy Assistance	Health and Human Services
93.600	Head Start	Health and Human Services
20.205	Highway Planning and Construction	Transportation

Dollar threshold used to distinguish between Type A and Type B programs: \$1,974,211

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: \$750,000

Auditee qualified as low-risk auditee? yes X no

Association of Village Council Presidents

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2022

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

Finding 2022-001	Financial Statement Close Process - Significant Deficiency in Internal Control Over Financial Reporting
<i>Criteria</i>	Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement. The general ledger and accounting records used to maintain financial information should be updated and reconciled in a timely manner in preparation of the financial statements.
<i>Condition</i>	We identified a number of accounts that were not fully reconciled or presented in accordance with U.S. GAAP. These accounts included unearned revenue, internal revenue, expense and accounts payable.
<i>Cause</i>	Certain accounts' reconciliation was not included in the standard year end account reconciliation.
<i>Effect or potential effect</i>	Items reported in the financial statements were not accurate and required significant adjustments to correct.
<i>Recommendation</i>	We recommend that processes and controls are implemented and enhanced to ascertain those year-end reconciliations and supporting schedules are completed in a timely manner and are reviewed for completeness and accuracy.
<i>Views of Responsible Official and Planned Corrective Action</i>	Management agrees with this finding. Management is updating its procedure to implement controls to ensure that account reconciliations are accurate and completed in a timely manner and are reviewed for completeness and accuracy.

Section III - Federal Award Findings and Questioned Costs

Finding 2022-002	Procurement, Suspension & Debarment - Significant Deficiency in Internal Control Over Compliance
<i>Identification of the federal program</i>	ALN 20.205 Highway Planning and Construction
<i>Agencies</i>	U.S. Department of Transportation
<i>Award Numbers</i>	DTFH69-11-H-00060 - 2011 DTFH69-12-H-00060 - 2012 DTFH69-15-H-00060 - 2015 DTFH69-16-H-00060 - 2016 DTFH69-17-H-00060 - 2017 DTFH69-18-H-00060 - 2018 DTFH69-19-H-00060 - 2019 693JG42130000V600AK600 - 2021 693JG42230000V600AK0060 - 2022 693JG42330000V600AK0060 - 2023

Association of Village Council Presidents

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2022

<i>Criteria or Specific Requirement</i>	Internal control policies should be established to provide reasonable assurance that an entity with which AVCP plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded for covered transactions under Uniform Guidance.
<i>Condition</i>	Documentation that vendors are not debarred, suspended or otherwise excluded were not retained in AVCP's procurement files and thus, auditors were not able to test that the relevant internal controls were operating effectively.
<i>Cause</i>	Although staff did verify the vendor had not been debarred through SAM.gov, the procurement procedures for AVCP did not require retention of the verification for documentation purposes, and none was evident in the file.
<i>Effect or Potential Effect</i>	Lack of documentation might make it harder for AVCP's management to monitor compliance with the requirement.
<i>Questioned Costs</i>	None noted
<i>Context</i>	Auditors were not able to verify internal controls over sampled procurements, since no documentation was retained.
<i>Identification as a Repeat Finding</i>	Not a repeating finding
<i>Recommendation</i>	We recommend that management retain evidence of review that prospective vendors and suppliers are not on the suspension and debarment list for covered transactions under Uniform Guidance.
<i>Views of Responsible Officials</i>	Management concurs with the finding. Management is updating the internal procurement policies, procedures, and award checklists to ensure that evidence of the search, and results of the search, for suspension and debarment is being completed and filed prior to the award of any procurement activities.

Finding 2022-003 **Material Weakness in Internal Control Over Compliance and Material Noncompliance - Reporting**

<i>Identification of the federal program</i>	ALN 93.558 Temporary Assistance for Needy Families
<i>Agencies</i>	Department of Health and Human Services
<i>Award Numbers</i>	18QLAKTANF - 2018 19QLAKTANF - 2019 20QLAKTANF - 2020 21QLAKTANF - 2021 21QLAKTANFC6 - 2021

<i>Criteria or Specific Requirement</i>	In accordance with Uniform Guidance, AVCP must comply with the Federal Funding Accountability and Transparency Act reporting requirements. Recipients of grants or cooperative agreements who make first tier subawards of \$30,000 or more are required to register in the Federal Funding Accountability and Transparency Act Subaward Reporting System
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Association of Village Council Presidents

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2022

<i>Condition</i>	(FSRS) and report subaward data through FSRS. AVCP is required to file a FFATA sub-award report by the end of the month following the month. AVCP was unable to correct prior year finding until almost 7 months after year-end.
<i>Cause</i>	Proper controls were not in place to ensure compliance with the Federal Funding Accountability and Transparency Act reporting requirements.
<i>Effect or Potential Effect</i>	Noncompliance with the Federal Funding Accountability and Transparency Act reporting requirements.
<i>Questioned Costs</i>	None identified
<i>Context</i>	The UAA ANSEP subaward Federal Funding Accountability and Transparency Act (FFATA) report was submitted almost 7 months late.
<i>Identification as a Repeat Finding</i>	This is a repeat finding of 2021-001.
<i>Recommendation</i>	We recommend AVCP, design and implement internal control procedures to ensure compliance with the Federal Funding Accountability and Transparency Act reporting requirements.
<i>Views of Responsible Officials</i>	Management concurs with the finding. Management is reviewing the policy and procedure and updating process of reporting and clearly defining roles and responsibilities of all employees involved in the process. Management is also provided with additional training of the subaward policy for employees involved in the subaward process, with emphasis on the FFATA reporting requirements and roles and responsibilities.

Section IV - State Award Findings and Questioned Costs

<u>Finding 2022-004</u>	Significant Deficiency in Internal Control over Compliance and Noncompliance - Reporting
<i>Identification of the state program</i>	Native Family Assistance Program
<i>Agencies</i>	State of Alaska Department of Health and Social Services
<i>Award Numbers</i>	604-266-22001 - 2022 604-266-23001 - 2023
<i>Criteria or Specific Requirement</i>	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.
<i>Condition</i>	Reports were not submitted timely in accordance with grant requirements.
<i>Cause</i>	Sufficient controls were not in place to ensure timely reporting.
<i>Effect or Potential Effect</i>	AVCP was not in compliance with grant reporting requirements.

Association of Village Council Presidents

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2022

<i>Questioned Costs</i>	None identified
<i>Context</i>	The auditor tested two quarterly financial reports, four monthly benefit reports, and two quarterly programmatic reports. One of the monthly benefit reports was not submitted timely.
<i>Identification as a Repeat Finding</i>	This is a repeat finding of 2021-002.
<i>Recommendation</i>	We recommend AVCP design and implement internal control procedures to ensure compliance with the grant reporting requirements.
<i>Views of Responsible Officials</i>	Management concurs with the finding. Management has implemented internal policies to ensure timely reporting and program staff have been added and trained on submitting the reports timely.

Unaudited Information

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

Summary Schedule of Prior Year (FY21) Findings

Finding 2021-001 Reporting

Agency: Department of Health and Human Services
Programs: Temporary Assistance for Needy Families (TANF) ALN: 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 \$30,000 or more are required to register in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) and report subaward data through FSRS.

Current Year Status: Partially resolved; repeated as Finding 2022-03

Finding 2021-002 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

Prior Year Finding: 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.

Current Year Status: Partially resolved; repeated as Finding 2022-04

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

FY22 Corrective Action Plan

Finding 2022-001 Financial Statement Close Process - Significant Deficiency in Internal Control Over Financial Reporting

Anticipated Completion Date: September 30, 2023

AVCP reviewed the yearend schedules and updated the worksheets to implement controls to ensure account reconciliations are accurate and completed in a timely manner and are reviewed for completeness and accuracy.

Finding 2022-002 Procurement, Suspension & Debarment - Significant Deficiency in Internal Control Over Compliance

Anticipated Completion Date: September 30, 2023

AVCP has reviewed all of its internal Procurement Policies, Procedures, and Awards Checklists and has taken action to ensure that evidence of the search, and results of the search, for debarment of award winners has been completed and filed prior to the award of any procurement activity.

Finding 2022-003 Reporting - Material Weakness in Internal Control Over Compliance and Material Noncompliance

Anticipated Completion Date: July 24, 2023

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. For more information, see details above from Prior year corrective actions finding 2021-01.

This year we will review the policy and procedure to ensure it is current. In addition to policy and procedure review we will draft follow charts that outlines the process of reporting and clearly defines roles and responsibilities of all employees involved in the process. Finally, we provide additional training of the subaward policy for employees involved in the subaward process, with emphasis on the FFATA reporting requirements and roles and responsibilities.



Finding 2022-004 Reporting - Significant Deficiency in Internal Control Over Compliance and Noncompliance

Anticipated Completion Date: September 30, 2023

In 2021 and 2022 we fixed internal reporting processes to generate accurate financial reporting, but only had one internal employee with access to the State of Alaska direct secure messaging platform to submit reports timely. This became problematic and required an immediate resolution, requiring more than one staff with access to that secure sight for timely report submissions should internal problems occur. Additional program staff have been added and trained on submitting timely reports. This was corrected and resolved in 2023.