

# Association of Village Council Presidents

Financial Statements, Additional  
Information,  
and Single Audit Reports  
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by  
BDO USA, P.C., a Virginia professional corporation, and the U.S. member of  
BDO International Limited, a UK company limited by guarantee.



## **Association of Village Council Presidents**

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Financial Statements, Additional Information,  
and Single Audit Reports  
Years Ended December 31, 2023 and 2022

# Association of Village Council Presidents

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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 financial statements of Association of Village Council Presidents (the Association), which comprise the statement of financial positions as of December 31, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 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 August 30, 2024, 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  
August 30, 2024

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## Financial Statements

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# Association of Village Council Presidents

## Statements of Financial Position

<i>December 31,</i>	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 35,342,682	\$ 78,959,927
Accrued interest	35,976	35,976
Accounts receivable	61,023	45,061
Accounts receivable - grants	5,690,878	2,331,541
Prepays	794,015	397,468
Investments	42,876,863	8,165,852
<b>Total Current Assets</b>	<b>84,801,437</b>	<b>89,935,825</b>
Noncurrent assets:		
Property and equipment, net of accumulated depreciation	10,138,557	10,338,325
Collections	2,012,986	2,012,986
<b>Total Assets</b>	<b>\$ 96,952,980</b>	<b>\$ 102,287,136</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,348,705	\$ 1,820,968
Accrued payroll and related liabilities	1,294,057	878,267
Deferred revenue	3,839,048	3,464,476
<b>Total Current Liabilities</b>	<b>6,481,810</b>	<b>6,163,711</b>
Note payable	1,100,000	2,150,000
<b>Total Liabilities</b>	<b>7,581,810</b>	<b>8,313,711</b>
<b>Net Assets</b>		
Without donor restrictions	16,699,639	15,576,486
With donor restrictions	72,671,531	78,396,939
<b>Total Net Assets</b>	<b>89,371,170</b>	<b>93,973,425</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 96,952,980</b>	<b>\$ 102,287,136</b>

*See accompanying notes to financial statements.*

## Association of Village Council Presidents

### Statements of Activities

Years Ended December 31,	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Grants and contracts:						
Federal	\$ 6,283,286	\$ 43,274,887	\$ 49,558,173	\$ 16,825,596	\$ 38,710,279	\$ 55,535,875
State	6,968,368	79,610	7,047,978	4,966,256	126,192	5,092,448
Other	746,567	852,302	1,598,869	909,481	166,670	1,076,151
Investment income	778,111	-	778,111	232,399	-	232,399
Other revenues	110,633	-	110,633	117,610	-	117,610
Net assets released from restrictions	49,932,207	(49,932,207)	-	48,071,439	(48,071,439)	-
<b>Total Revenues</b>	<b>64,819,172</b>	<b>(5,725,408)</b>	<b>59,093,764</b>	<b>71,122,781</b>	<b>(9,068,298)</b>	<b>62,054,483</b>
<b>Expenses</b>						
Program services:						
Self-governance	37,214,124	-	37,214,124	35,466,144	-	35,466,144
Social services	18,572,326	-	18,572,326	20,442,081	-	20,442,081
Community services	5,251,009	-	5,251,009	14,938,429	-	14,938,429
Environmental	423,286	-	423,286	26,302	-	26,302
<b>Total program services</b>	<b>61,460,745</b>	<b>-</b>	<b>61,460,745</b>	<b>70,872,956</b>	<b>-</b>	<b>70,872,956</b>
Support services:						
General and administrative	10,440,277	-	10,440,277	9,787,150	-	9,787,150
Less indirect recovery	(8,205,003)	-	(8,205,003)	(10,272,314)	-	(10,272,314)
<b>Total support services</b>	<b>2,235,274</b>	<b>-</b>	<b>2,235,274</b>	<b>(485,164)</b>	<b>-</b>	<b>(485,164)</b>
<b>Total Expenses</b>	<b>63,696,019</b>	<b>-</b>	<b>63,696,019</b>	<b>70,387,792</b>	<b>-</b>	<b>70,387,792</b>
Change in net assets	1,123,153	(5,725,408)	(4,602,255)	734,989	(9,068,298)	(8,333,309)
<b>Net Assets, beginning of year</b>	<b>15,576,486</b>	<b>78,396,939</b>	<b>93,973,425</b>	<b>14,841,497</b>	<b>87,465,237</b>	<b>102,306,734</b>
<b>Net Assets, end of year</b>	<b>\$ 16,699,639</b>	<b>\$ 72,671,531</b>	<b>\$ 89,371,170</b>	<b>\$ 15,576,486</b>	<b>\$ 78,396,939</b>	<b>\$ 93,973,425</b>

*See accompanying notes to financial statements.*

## Association of Village Council Presidents

### Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services				Total Program Services	Supporting Activities	Total
	Self- Governance	Social Services	Community Services	Environmental		General and Administration	
<b>Expenses</b>							
Wages and benefits	\$ 13,949,135	\$ 5,347,581	\$ 2,082,923	\$ 16,222	\$ 21,395,861	\$ 5,850,042	\$ 27,245,903
Travel	1,479,043	833,250	265,450	3,290	2,581,033	386,063	2,967,096
Stipends	122,684	67,053	-	-	189,737	69,798	259,535
Operating expenses	8,265,052	1,392,160	954,543	-	10,611,755	1,979,352	12,591,107
Contractual	1,047,564	585,577	968,379	103,774	2,705,294	608,881	3,314,175
Depreciation	-	-	-	-	-	581,565	581,565
Facilities	1,079,975	485,070	447,749	-	2,012,794	640,421	2,653,215
Assistance payments	5,254,847	8,260,419	54,855	300,000	13,870,121	(16,125)	13,853,996
Other expenses	847	50	225,000	-	225,897	3,530	229,427
	31,199,147	16,971,160	4,998,899	423,286	53,592,492	10,103,527	63,696,019
Indirect expense allocation	6,024,148	1,672,957	507,898	-	8,205,003	(8,205,003)	-
Property and equipment purchased with grant funds	(9,171)	(71,791)	(255,788)	-	(336,750)	336,750	-
<b>Total Expenses</b>	<b>\$ 37,214,124</b>	<b>\$ 18,572,326</b>	<b>\$ 5,251,009</b>	<b>\$ 423,286</b>	<b>\$ 61,460,745</b>	<b>\$ 2,235,274</b>	<b>\$ 63,696,019</b>

*See accompanying notes to financial statements.*

## Association of Village Council Presidents

### Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services				Total Program Services	Supporting Activities	Total
	Self- Governance	Social Services	Community Services	Environmental		General and Administration	
<b>Expenses</b>							
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)
<b>Total Expenses</b>	<b>\$ 35,466,144</b>	<b>\$ 20,442,081</b>	<b>\$ 14,938,429</b>	<b>\$ 26,302</b>	<b>\$ 70,872,956</b>	<b>\$ (485,164)</b>	<b>\$ 70,387,792</b>

*See accompanying notes to financial statements.*

## Association of Village Council Presidents

### Statements of Cash Flows

Years Ended December 31,	2023	2022
<b>Cash Flows from (for) Operating Activities</b>		
Change in net assets	\$ (4,602,255)	\$ (8,333,309)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	581,565	533,878
Unrealized and realized gains	(352,545)	-
Decrease (increase) in operating assets:		
Accrued interest	-	(5,299)
Accounts receivable	(15,962)	10,229
Accounts receivable - grants	(3,359,337)	(99,905)
Prepays	(396,547)	(66,951)
Increase (decrease) in operating liabilities:		
Accounts payable	(472,263)	622,180
Accrued payroll and related liabilities	415,790	(121,813)
Deferred revenue	374,572	1,248,698
<b>Net Cash for Operating Activities</b>	<b>(7,826,982)</b>	<b>(6,212,292)</b>
<b>Net Cash for Investing Activities</b>		
Proceeds from sale of land	31,289	31,289
Distributions received from investments	-	138,741
Purchase of investments	(34,358,466)	(8,165,852)
Purchase and construction of property and equipment	(413,086)	(362,185)
<b>Net Cash for Investing Activities</b>	<b>(34,740,263)</b>	<b>(8,358,007)</b>
<b>Net Cash for Financing Activities</b>		
Payments on note payable	(1,050,000)	(1,350,000)
<b>Net change in cash and cash equivalents</b>	<b>(43,617,245)</b>	<b>(15,920,299)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>78,959,927</b>	<b>94,880,226</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 35,342,682</b>	<b>\$ 78,959,927</b>

# Association of Village Council Presidents

## Notes to Financial Statements Years Ended December 31, 2023 and 2022

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### 1. Nature of Organization and Summary of Significant Accounting Policies

#### **Organization**

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

#### **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

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

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

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

### ***Revenues from Contracts with Customers***

AVCP follows FASB ASC 606, Revenue from Contracts with Customers, whereby revenue is recognized under a five-step model as performance obligations within the contract are satisfied. The 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.

### ***Performance Obligations***

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

# Association of Village Council Presidents

## Notes to Financial Statements

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### ***Allocation of Indirect Expenses***

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

### ***Functional Allocation of Expenses***

AVCP provides housing improvement, environmental matters and social and economic services to Alaska Native people in the region. The cost of providing program services and supporting activities has been summarized on the 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, 2023, AVCP had \$84,801,437 in financial assets available to meet needs for general expenditures consisting of cash and cash equivalents of \$35,342,682 and grants and other receivables of \$5,690,878 and others. Of this amount, approximately \$3,839,048 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.

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 \$1,100,000 has been utilized at year-end.

### ***Cash and Cash Equivalents***

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



# Association of Village Council Presidents

## Notes to Financial Statements

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### *Investments*

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

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

### *Property and Equipment*

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

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

# Association of Village Council Presidents

## Notes to Financial Statements

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

### ***Collections***

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

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

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

### ***Accounts Receivable***

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

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

### ***Advertising Costs***

Advertising costs are expensed as incurred.

### ***Income Taxes***

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

### ***Use of Estimates***

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

# Association of Village Council Presidents

## Notes to Financial Statements

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### *Recently Adopted Accounting Standards*

#### *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, 2023 and 2022 as a result of applying ASC 842.

#### *Credit Losses*

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326) and subsequent amendments to the initial guidance (collectively, Topic 326). Topic 326 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The amendments broaden the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The use of forecasted information incorporates more timely information in the estimate of expected credit loss, which will be more decision useful to users of the financial statements. The Association of Village Council Presidents adopted this standard on January 1, 2023. The adoption of this standard did not have a significant impact on the Association's financial statements.

## 2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

<i>December 31, 2023</i>	Carrying Amount	Bank Balance
Checking accounts	\$ 34,561,488	\$ 34,561,488
Savings accounts	781,194	781,194
<b>Total Cash and Cash Equivalents</b>	<b>\$ 35,342,682</b>	<b>\$ 35,342,682</b>

  

<i>December 31, 2022</i>	Carrying Amount	Bank Balance
Checking accounts	\$ 78,179,437	\$ 79,720,732
Savings accounts	780,490	780,490
<b>Total Cash and Cash Equivalents</b>	<b>\$ 78,959,927</b>	<b>\$ 80,501,222</b>

# Association of Village Council Presidents

## Notes to Financial Statements

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, 2023 and 2022, 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. Investments

The following table sets forth, by level within the fair value hierarchy as described in footnote 1, the Association's investments at fair value as of December 31, 2023:

	2023 Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
U.S Treasury Bills	\$ -	\$ 34,541,359	\$ -	\$ 34,541,359
Certificates of deposit				5,231,105
Money market funds				3,104,399
<b>Total investments</b>				<b>\$ 42,876,863</b>
<b>December 31,</b>				<b>2022</b>
Certificates of deposit				5,161,795
Money market funds				3,004,057
<b>Total investments</b>				<b>\$ 8,165,852</b>

The Association has investments in money market funds and certificates of deposits totaling \$8,337,334 and \$8,165,82 that are not held at fair value, but instead recorded at amortized cost for the years ended December 31, 2023, and 2022, respectively.

Funds and deposits held in investment accounts are insured under the SIPC up to \$500,000 per financial institution.

Investment gain (loss) consists of the following at December 31:

<i>December 31,</i>	2023	2022
Interest and dividend income	\$ 425,788	\$ 232,399
Net unrealized gain on securities	352,545	-
Net realized loss on sale of securities, net of investment fees	(222)	-
<b>Total Income (Loss) from Investments</b>	<b>\$ 778,111</b>	<b>\$ 232,399</b>

# Association of Village Council Presidents

## Notes to Financial Statements

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### 4. 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 \$6,076,428 and \$5,442,286 at December 31, 2023 and 2022, respectively.

### 5. Property and Equipment

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

<i>December 31,</i>	2023	2022
Property and equipment not being depreciated:		
Land	\$ 2,527,806	\$ 2,527,806
Work in progress	147,246	130,836
<b>Total property and equipment not being depreciated</b>	<b>2,675,052</b>	<b>2,658,642</b>
Property and equipment being depreciated:		
Buildings	12,587,045	12,587,045
Heavy equipment, vehicles, and software	6,315,719	5,988,138
Office furniture and equipment	3,928,473	3,928,473
Tools and other equipment	668,368	630,562
<b>Total property and equipment being depreciated</b>	<b>23,499,605</b>	<b>23,134,218</b>
Less accumulated depreciation	(16,036,100)	(15,454,535)
<b>Property and equipment being depreciated, net</b>	<b>7,463,505</b>	<b>7,679,683</b>
<b>Total Property and Equipment, net</b>	<b>\$ 10,138,557</b>	<b>\$ 10,338,325</b>

Depreciation expense was \$581,565 and \$533,878 for the years ended December 31, 2023, and 2022, respectively.

### 6. Note Payable

AVCP entered into a revolving line of credit in the amount of \$1.5 million in December 2013. The revolving line of credit accrues interest at 2% plus 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, 2023 and 2022 was \$1,100,000 and \$2,150,000, respectively. The revolving line of credit presented as note payable in the Statements of Financial Position matures on February 1, 2026. Payment in full is due on the maturity date.

# Association of Village Council Presidents

## Notes to Financial Statements

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### 7. Net Assets

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

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>	2023	2022
Total net assets without donor restrictions	\$ 16,699,639	\$ 15,576,486
Net assets with donor restrictions for purpose:		
Tribal Self Governance	33,110,068	35,772,476
Highway Planning and Construction	20,961,431	18,800,332
P.L. 102-477 Contract	14,346,285	19,871,683
Child Support Services	3,004,379	2,942,377
Temporary Assistance for Needy Families	672,860	-
Guardian Ad Litem	-	1,010,071
Tribal Title IV-E	369,485	-
Pilot Station Contract	76,940	-
Grants for Rural Areas and Tribal Transit	69,983	-
Headstart	60,100	-
Total net assets with donor restrictions	72,671,531	78,396,939
<b>Total Net Assets</b>	<b>\$ 89,371,170</b>	<b>\$ 93,973,425</b>

### 8. Retirement Plan

AVCP has adopted a defined contribution retirement plan for all regular, full-time employees with at least 3 months of service. This eligibility period was reduced from 1 year to 3 months during 2003 when AVCP changed pension carriers. The Plan requires mandatory employer contributions of 7% of employee compensation and vests immediately. In 2003, AVCP also adopted a match of an employee's voluntary contribution up to 3%. Contributions are remitted to an insurance company each month. AVCP's contributions to the plan for the years ended December 31, 2023 and 2022 totaled \$1,242,835 and \$1,409,859, respectively.

# Association of Village Council Presidents

## Notes to Financial Statements

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### 9. Commitments and Contingencies

#### *Grants and Contracts*

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

#### *Indirect Expenses*

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

#### *Leases*

AVCP has entered into several predominantly month-to-month operating leases with affiliated tribal associates. AVCP's annual lease expense for the years ended December 31, 2023 and 2022 totaled \$887,137 and \$697,529, 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, 2023 and 2022 was \$0 and \$1,189,385.

### 10. Subsequent Events

AVCP has evaluated subsequent events through August 30, 2024, the date on which the financial statements were available to be issued.

## **Additional Information**

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## Association of Village Council Presidents

### Combining Schedule of Activities - Corporate

Year Ended December 31, 2023

	Program Services				Support Services		Total
	Self-Governance	Social Services	Community Services	Environmental	Total Program Services	General and Administrative	
<b>Revenue</b>							
Grants and contracts:							
Federal	\$ 29,754,516	\$ 12,860,925	\$ 6,642,732	\$ 300,000	\$ 49,558,173	\$ -	\$ 49,558,173
State	-	5,844,174	1,203,804	-	7,047,978	-	7,047,978
Other	-	1,061,446	335,274	202,149	1,598,869	-	1,598,869
Investment income	-	-	-	-	-	778,111	778,111
Other revenue	-	-	-	-	-	110,633	110,633
<b>Total Revenue</b>	<b>29,754,516</b>	<b>19,766,545</b>	<b>8,181,810</b>	<b>502,149</b>	<b>58,205,020</b>	<b>888,744</b>	<b>59,093,764</b>
<b>Expenses</b>							
Wages and benefits	13,949,135	5,347,581	2,082,923	16,222	21,395,861	5,850,042	27,245,903
Travel	1,479,043	833,250	265,450	3,290	2,581,033	386,063	2,967,096
Stipends	122,684	67,053	-	-	189,737	69,798	259,535
Operating expenses	8,265,052	1,392,160	954,543	-	10,611,755	1,979,352	12,591,107
Contractual	1,047,564	585,577	968,379	103,774	2,705,294	608,881	3,314,175
Depreciation	-	-	-	-	-	581,565	581,565
Facilities	1,079,975	485,070	447,749	-	2,012,794	640,421	2,653,215
Assistance payments	5,254,847	8,260,419	54,855	300,000	13,870,121	(16,125)	13,853,996
Other expenses	847	50	225,000	-	225,897	3,530	229,427
	31,199,147	16,971,160	4,998,899	423,286	53,592,492	10,103,527	63,696,019
Indirect expense allocation	6,024,148	1,672,957	507,898	-	8,205,003	(8,205,003)	-
<b>Total Expenses</b>	<b>37,223,295</b>	<b>18,644,117</b>	<b>5,506,797</b>	<b>423,286</b>	<b>61,797,495</b>	<b>1,898,524</b>	<b>63,696,019</b>
Property and equipment purchased with grant funds	(9,171)	(71,791)	(255,788)	-	(336,750)	336,750	-
<b>Change in Net Assets</b>	<b>\$ (7,459,608)</b>	<b>\$ 1,194,219</b>	<b>\$ 2,930,801</b>	<b>\$ 78,863</b>	<b>\$ (3,255,725)</b>	<b>\$ (1,346,530)</b>	<b>\$ (4,602,255)</b>

**Association of Village Council Presidents**  
**Combining Schedule of Expenses - General and Administrative**  
**Year Ended December 31, 2023**

	Administration									
	Admini- stration	Facilities	Financial Services	Legal Services	Human Resources	Grants & Compliance	Information Technology	Commun- ications	No Specific Department	Total Administration
<b>Expenses</b>										
Wages and benefits	\$ 1,131,356	\$ 746,133	\$ 1,220,887	\$ 544,398	\$ 622,998	\$ 465,472	\$ 767,634	\$ 55,494	\$ 295,670	\$ 5,850,042
Travel	279,521	497	19,977	33,733	18,782	3,646	29,747	160	-	386,063
Stipends	69,798	-	-	-	-	-	-	-	-	69,798
Operating expenses	428,733	141,774	537,806	98,485	111,251	1,913	659,657	-	(267)	1,979,352
Contractual	109,867	2,654	391,632	22,207	32,258	-	17,717	-	32,546	608,881
Depreciation	448,049	-	-	-	-	-	-	-	133,516	581,565
Facilities	99,227	469,303	4,601	930	277	914	50,063	-	15,106	640,421
Assistance payments	(2,980)	-	-	-	-	(13,145)	-	-	-	(16,125)
Other expense	(45,018)	-	2,876	-	-	(425)	5	-	46,092	3,530
	2,518,553	1,360,361	2,177,779	699,753	785,566	458,375	1,524,823	55,654	522,663	10,103,527
Property and equipment purchased with grant funds	(353,160)	16,410	-	-	-	-	-	-	-	(336,750)
<b>Total Expenses</b>	<b>\$ 2,165,393</b>	<b>\$ 1,376,771</b>	<b>\$ 2,177,779</b>	<b>\$ 699,753</b>	<b>\$ 785,566</b>	<b>\$ 458,375</b>	<b>\$ 1,524,823</b>	<b>\$ 55,654</b>	<b>\$ 522,663</b>	<b>\$ 9,766,777</b>

## Association of Village Council Presidents

### Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
<b>Department of the Interior</b>				
Alaska Migratory Bird Co-Management Council 20	15.643		\$ -	\$ 1,830
477 Cluster - direct:				
CARES ACT 477 Plan	15.U01-U02		-	628,910
477 Plan 2015-2017	15.U01-U02		-	7,059
Office of Self-Governance-FY18 477 2018-2020	15.U01-U02		-	963,813
Office of Self-Governance-FY21 477 2021-2023	15.U01-U02		129,913	14,999,918
Total 477 Cluster - direct:			129,913	16,599,700
Temporary Assistance for Needy Families				
TANF 18	15.U01-U02		-	827,350
TANF 19	15.U01-U02		-	440,263
TANF 20	15.U01-U02		-	42,859
TANF 21	15.U01-U02		1,256,120	1,629,251
Total Temporary Assistance for Needy Families			1,256,120	2,939,723
Total 477 Cluster			1,386,033	19,539,423
Tribal Self Governance:				
Direct:				
Office of Self-Governance - FY13	15.022		-	(1,895)
Office of Self-Governance-FY17 linked to Tiwahe 10117	15.022		-	77,589
Office of Self-Governance-FY18 linked to Tiwahe 10118	15.022		10,000	1,896,577
Office of Self-Governance-FY19, linked to Tiwahe 10119	15.022		-	3,397
Office of Self-Governance-FY20	15.022		283,732	1,046,120
CARES ACT Office of Self-Governance-FY20	15.022		-	34,501
Office of Self-Governance-FY21	15.022		341,222	357,191
Office of Self-Governance-FY22	15.022		750,179	1,060,465
Office of Self-Governance-FY23	15.022		438,709	14,921,280
OSG American Rescue Plan Act 2021	15.022		61,731	61,731
OSG American Rescue Plan Act HIP 2021	15.022		-	25,818
OSG American Rescue Plan Act	15.022		950,000	950,000
OSG American Rescue Plan Act POTABLE WATER	15.022		190,000	190,000
Task Program-Bering Intergovernmental Tribal Advisory Council-Task Program	15.022		300,000	300,000
Total Tribal Self Governance			3,325,573	20,922,774
Total Department of the Interior			4,711,606	40,464,027
<b>Department of Transportation</b>				
Highway Planning and Construction				
Federal Transportation IRR FY 11	20.205		-	9,038
Federal Transportation IRR FY 12	20.205		-	1,133,108
Federal Transportation IRR FY 14	20.205		-	694,336
Federal Transportation IRR FY 15	20.205		-	168,727
Federal Transportation IRR FY 16	20.205		-	268,769
Federal Transportation IRR FY 22	20.205		-	386,072
Federal Transportation IRR FY 23	20.205		-	757,451
Federal Transportation IRR FY 24	20.205		-	125,682
IRR HPP OOK-EEK-KKH-PQS-OSC RFA FY11	20.205		-	980
Safety - Transportation	20.205		-	32,677
HIP CRRSA Indian Reservation Roads	20.205		-	237,063
Total Highway Planning and Construction			-	3,813,903
Federal Lands Access Program FY19	20.224		-	7,240
Total Department of Transportation			-	3,821,143

**Association of Village Council Presidents**  
**Schedule of Expenditures of Federal Awards, continued**  
**for the Year Ended December 31, 2023**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
<b>Environmental Protection Agency</b>				
State and Tribal Response Grants AVCP 2022-2023 Tribal Response Program	66.817		\$ -	\$ 58,623
<b>Department of Education</b>				
American Indian Vocational Rehabilitation Services Vocational Rehabilitation 2021	84.250		-	235
Vocational Rehabilitation 2022	84.250		-	396,945
Vocational Rehabilitation 2023	84.250		-	105,986
Total American Indian Rehabilitation Services			-	503,166
<b>Department of Health and Human Services</b>				
Low Income Home Energy Assistance				
Low Income Home Energy Assistance-Infrastructure Investment & Jobs Act	93.568		-	80,250
Low Income Home Energy Assistance - Disaster Relief Supp. App	93.568		-	1,569,896
Low Income Home Energy Assistance-Infrastructure Investment & Jobs Act	93.568		-	78,312
Low Income Home Energy Program - FY22	93.568		-	26,385
Low Income Home Energy Assistance - FY 23	93.568		-	2,604,012
Low Income Home Energy Assistance - FY 24	93.568		-	477,787
Total Low Income Home Energy Assistance			-	4,836,642
Head Start Cluster:				
Federal Headstart COVID 90HA000024-01C6	93.600		-	159,773
Federal Head Start FY23	93.600		-	3,256,540
Total Head Start			-	3,416,313
MaryLee Allen Promoting Safe and Stable Families Program				
Promoting Safe & Stable Families 2021 (2021-2023)	93.556		-	121,494
Promoting Safe & Stable Families 2021 (2021-2023)	93.556		-	36,278
Total Promoting Safe and Stable Families Program			-	157,772
Family First Transition Act 2020				
Family First Transition Act 2020	93.556		-	31,576
Total MaryLee Allen Promoting Safe and Stable Families Program			-	189,348

**Association of Village Council Presidents**  
**Schedule of Expenditures of Federal Awards, continued**  
**for the Year Ended December 31, 2023**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Provided to Sub- recipients	Federal Expend- itures
<b>Department of Health and Human Services, continued</b>				
Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes				
Older Americans Act Title VI, Part A 2020	93.047		\$ 108,515	\$ 112,356
Older Americans Act Title VI, Part A 2020	93.047		-	836
Total Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes			108,515	113,192
Stephanie Tubbs Jones Child Welfare Services Program				
Child Welfare Social Services 2021 (2021-2023)	93.645		-	56,555
Child Welfare Social Services 2021 (2021-2023)	93.645		-	22,199
Total Child Welfare Social Services Program			-	78,754
Aging Cluster				
Nutrition Services Incentive Program 2020	93.053		-	7,548
Nutrition Services Incentive Program 2020	93.053		-	185
Total Aging Cluster			-	7,733
Total Department of Health and Human Services			108,515	8,641,982
<b>Department of Agriculture</b>				
Passed through the State of Alaska Department of Education and Early Development				
FY 23 CACFP Program	10.558	MA-720401	-	79,162
FY 24 CACFP Program	10.558	MA-720401	-	57,223
Total Child & Adult Care Food Program			-	136,385
<b>Department of Justice</b>				
Public Safety Partnership and Community Policing Grant				
COPS Tribal Resources Grant Program 2020	16.710		54,546	54,546
<b>Total Expenditures of Federal Awards</b>			<b>\$ 4,874,667</b>	<b>\$ 53,679,872</b>

*See accompanying notes to Schedule of Expenditures of Federal Awards.*

# Association of Village Council Presidents

## Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2023

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### 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the Association of Village Council Presidents under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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
- 93.558
- 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, 2023

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

Assistance Listing Number	Program Title	Amount
15.022	Tribal Self Governance	\$ 33,110,068
20.205	Highway Planning and Construction	20,961,431
15.U01-U02	P.L. 102 - 477 Contract	14,346,285
93.558	Temporary Assistance for Needy Families	672,860
20.509	Grants for Rural Areas and Tribal Transit	69,983
93.600	Headstart	60,100
Total federal		69,220,727
Total state and other		3,450,804
<b>Total Net Assets with Donor Restrictions</b>		<b>\$ 72,671,531</b>

# Association of Village Council Presidents

## Schedule of State Financial Assistance for the Year Ended December 31, 2023

State Grantor / Program Title	Award Number	Total Award Amount	Passed Through to Subre- cipients	State Expend- itures
<b>Department of Health and Social Services</b>				
Major Programs:				
Native Family Assistance Program 2023	604-266-23001	\$ 4,702,500	\$ -	\$ 2,139,538
Native Family Assistance Program 2024	604-266-24001	4,702,500	-	2,583,456
TANF - Child Support Services Division 2023	604-266-23001	114,170	-	13,882
TANF - Child Support Services Division 2024	604-266-24001	36,589	-	3,727
Nonmajor Programs:				
Diligent Relative Search & Indian Child Welfare Act Preference Search 2023	0623-092	671,175	-	510,106
Diligent Relative Search & Indian Child Welfare Act Preference Search 2024	0624-092	671,175	-	193,735
Total Department of Health and Social Services			-	5,444,444
<b>Department of Public Safety</b>				
Nonmajor Programs:				
Village Public Safety Officer Program 2023	23-401	1,320,688	-	686,411
Village Public Safety Officer Program 2024	24-401	1,592,513	-	517,393
Total Department of Public Safety			-	1,203,804
<b>Department of Education &amp; Early Development</b>				
Nonmajor Program:				
Alaska Head Start 2023	HS 23.066.01	344,855	-	337,752
Total Department of Education & Early Development			-	337,752
<b>Total State Financial Assistance</b>			\$ -	\$ 6,986,000

*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, 2023

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### 1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the “Schedule”) includes the state grant activity of the Association of Village Council Presidents under programs of the State of Alaska for the year ended December 31, 2023. 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

2024 Native Family Assistance Program 604-266-24001

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

<i>Year Ended December 31, 2023</i>	Budget	Actual	Variance With Budget
<b>Revenues</b>			
State of Alaska	\$ 4,702,500	\$ 2,583,456	\$ 2,119,044
<b>Expenses</b>			
<b>Direct Expenses</b>			
Personnel	1,598,789	738,142	860,647
Travel	38,033	21,040	16,993
Other costs	2,625,746	1,587,404	1,038,342
Indirect expense	439,932	236,870	203,062
<b>Total Expenses</b>	4,702,500	2,583,456	2,119,044
<b>Excess of Revenues Over Expenses</b>	\$ -	\$ -	\$ -

# Association of Village Council Presidents

## State Financial Assistance Reports

### State of Alaska

#### Department of Health and Social Services

#### Division of Public Assistance

#### 2023 Native Family Assistance Program 604-266-23001

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

<i>Year Ended December 31, 2023</i>	Budget	Prior Years	Actual 2023	Total	Variance With Budget
<b>Revenues</b>					
State of Alaska	\$ 4,702,500	\$ 1,870,286	\$ 2,139,538	\$ 4,009,824	\$ (692,676)
<b>Expenses</b>					
<b>Direct Expenses</b>					
Personnel	1,133,818	497,770	637,959	1,135,729	(1,911)
Travel	50,340	5,700	18,926	24,626	25,714
Other costs	3,078,410	1,170,865	1,277,932	2,448,797	629,613
Indirect expenses	439,932	195,951	204,721	400,672	39,260
<b>Total Expenses</b>	<b>4,702,500</b>	<b>1,870,286</b>	<b>2,139,538</b>	<b>4,009,824</b>	<b>692,676</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# 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 2024

Award Number - 0624-092

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

<i>Year Ended December 31, 2023</i>	Budget	Actual	Variance With Budget
<b>Revenues</b>			
State of Alaska	\$ 431,242	\$ 193,735	\$ 193,737
<b>Expenses</b>			
<b>Direct Expenses</b>			
Personnel	113,307	48,025	(48,025)
Facilities	8,937	1,050	(1,050)
Contractual	3,000	3,000	(3,000)
Supplies	115,076	101,222	(101,222)
Travel	75,982	22,755	(22,755)
Dues and fees	5,305	2,949	(2,949)
Other	65,340	710	(712)
Indirect expense	44,295	14,024	(14,024)
<b>Total Expenses</b>	<b>431,242</b>	<b>193,735</b>	<b>(193,737)</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# 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, 2023</i>	Budget	Prior Years	Actual 2023	Total	Variance With Budget
<b>Revenues</b>					
State of Alaska	\$ 635,067	\$ 72,429	\$ 510,106	\$ 582,535	\$ (52,532)
<b>Expenses</b>					
<b>Direct Expenses</b>					
Personnel	108,300	47,977	86,199	134,176	(25,876)
Facilities	60,000	-	9,307	9,307	50,693
Contractual	10,000	-	23,737	23,737	(13,737)
Supplies	159,939	2,860	183,902	186,762	(26,823)
Travel	135,000	2,553	128,140	130,693	4,307
Dues and fees	5,000	217	39,666	39,883	(34,883)
Other	22,075	-	11,494	11,494	10,581
Assistance payments	100,000	-	-	-	100,000
Indirect expense	34,753	18,822	27,661	46,483	(11,730)
<b>Total Expenses</b>	<b>635,067</b>	<b>72,429</b>	<b>510,106</b>	<b>582,535</b>	<b>52,532</b>
<b>Excess of Revenues</b>					
<b>Over Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Association of Village Council Presidents

## State Financial Assistance Reports

### State of Alaska

#### Department of Education and Early Development

#### 2024 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, 2023</i>	Budget	Actual	Variance With Budget
<b>Revenues</b>			
Federal pass-through			
State of Alaska	\$ 273,388	\$ 57,223	\$ 216,165
<b>Expenses</b>			
<b>Direct Expenses</b>			
Supplies	9,001	4,641	(4,360)
Dues and fees	251,787	49,491	(202,296)
Other	12,600	3,091	(9,509)
<b>Total Expenses</b>	<b>273,388</b>	<b>57,223</b>	<b>(216,165)</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Association of Village Council Presidents

## State Financial Assistance Reports

### State of Alaska

#### Department of Education and Early Development

#### 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, 2023</i>	Budget	Prior Years	Actual 2023	Total	Variance With Budget
<b>Revenues</b>					
Federal pass-through					
State of Alaska	\$ 164,960	\$ 34,123	\$ 79,162	\$ 113,285	\$ (51,675)
<b>Expenses</b>					
<b>Direct Expenses</b>					
Supplies	9,000	901	4,681	5,582	3,418
Dues and fees	143,360	31,897	72,571	104,468	38,892
Other	12,600	1,325	1,910	3,235	9,365
<b>Total Expenses</b>	<b>164,960</b>	<b>34,123</b>	<b>79,162</b>	<b>113,285</b>	<b>51,675</b>
<b>Excess of Revenues</b>					
<b>Over Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2024.

### **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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiency. However, material weaknesses or significant deficiencies may exist that were not identified.



## 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*.

### 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  
August 30, 2024



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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, 2023. 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
Tribal Self Governance	Qualified
477 Cluster	Unmodified

*Qualified Opinion on Tribal Self Governance*

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 *Tribal Self Governance* for the year ended December 31, 2023.

*Unmodified Opinion on 477 Cluster*

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 477 Cluster 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, 2023.

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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 Tribal Self Governance***

As described in Finding 2023-001 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
2023-001	15.022	Tribal Self Governance	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.

#### **Other Matters**

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

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

#### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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



corrected, on a timely basis. *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 cost item 2023-001 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on 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  
August 30, 2024



## **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* 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, 2023. Association of Village Council Presidents’ major state programs are identified in the summary of Schedule of State Financial Assistance.

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, 2023.

#### ***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 (Government Auditing Standards); and the audit requirements of *State of Alaska Audit Guide*. Our responsibilities under those standards and the *State of Alaska Audit Guide* 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, rules, and provisions of contracts or grant agreements applicable to Association of Village Council Presidents’ state programs.



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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Association of Village Council Presidents' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the *State of Alaska Audit Guide* requirements 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*, 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* requirements, 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.

### **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 a significant deficiency or material weaknesses.





A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiency. However, material weaknesses or significant deficiencies may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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  
August 30, 2024

# Association of Village Council Presidents

## Schedule of Findings and Questioned Costs Year Ended December 31, 2023

**Section I - Summary of Auditor's Results**

***Financial Statements***

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

Internal control over financial reporting:

Material weakness(es) identified?    yes   X  no

Significant deficiency(ies) identified?    yes   X  none reported

Noncompliance material to financial statements noted?    yes   X  no

***Federal Awards***

Internal control over major federal programs:

Material weakness(es) identified?   X  yes    no

Significant deficiency(ies) identified?    yes   X  none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified for 477 Cluster federal program and Qualified for Tribal Self Governance major program.

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>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>
15.022	Tribal Self Governance
15.U01-15.U02	477 Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$1,610,396

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?    yes   X  (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, 2023

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

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

### Section III - Federal Award Findings and Questioned Costs

**Finding 2023-001**      **Material Weakness in Internal Control Over Compliance and Material Noncompliance - Reporting**

*Identification of the federal program*      ALN 15.022 Tribal Self Governance

*Agencies*

**Department of Interior**

*Award Numbers*

GT-OSGT812- Year 2013  
GT-OSGT812- Year 2017  
GT-OSGT812- Year 2018  
GT-OSGT812- Year 2019  
GT-OSGT812- Year 2020  
GT-OSGT812- Year 2021  
GT-OSGT812- Year 2022  
GT-OSGT812- Year 2023  
GT-OSGT812- Year 2021  
GT-OSGT812- Year 2015, 2016, 2017  
GT-OSGT812- Year 2018, 2019, 2020  
GT-OSGT812- Year 2021, 2022, 2023

*Criteria*      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 (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.

*Condition*      The Association did not report subaward data through FSRS for the program.

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

*Effect*      Noncompliance with the Federal Funding Accountability and Transparency Act reporting requirements.

*Questioned Costs*      None Identified.

*Context*      We noted that subaward data for all TSG sub-recipients were not reported per the requirements of the Federal Funding Accountability and Transparency Act.

# Association of Village Council Presidents

## Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2023

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<i>Identification as a Repeat Finding</i>	Not a repeating finding.
<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 Official and Planned Corrective Action</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

There were no findings and questioned cost for State awards (as defined in the *State of Alaska Audit Guide* requirements) that are required to be reported.

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## Unaudited Information

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# 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 of Prior Year (FY 22) Findings

### **Corrective Action: Finding 2022-001 Financial Statement Close Process - Significant Deficiency in Internal Control Over Financial Reporting**

Prior Year Finding: 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 required significant adjustment during the audit.

Current Year Status: This finding has been corrected in the current year.

AVCP reviewed the year end 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**

Questioned Programs: ALN 93.558 Temporary Assistance for Needy Families  
Agencies: Department of Health and Human Services

#### Award Numbers:

DTFH69-11-H-00060 - Year 2011  
DTFH69-12-H-00060 - Year 2012  
DTFH69-15-H-00060 - Year 2015  
DTFH69-16-H-00060 - Year 2016  
DTFH69-17-H-00060 - Year 2017  
DTFH69-18-H-00060 - Year 2018  
DTFH69-19-H-00060 - Year 2019  
693JG42130000V600AK600 - Year 2021  
693JG42230000V600AK0060 - Year 2022  
693JG42330000V600AK0060 - Year 2023

Prior Year Finding: Documentation that vendors are not debarred, suspended or otherwise excluded were not retained in the procurement files for the programs.

Current Year Status: This finding has been corrected in the current year.

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.

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

Questioned Programs: ALN 93.558 Temporary Assistance for Needy Families  
Agencies: State of Alaska Department of Health and Social Services

### Award Numbers:

18QLAKTANF - Year 2018  
19QLAKTANF - Year 2019  
20QLAKTANF - Year 2020  
21QLAKTANF - Year 2021  
21QLAKTANFC6 - Year 2021

**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. The registration was not done timely.

**Current Year Status:** This finding has been resolved for the Native Assistance Families FFATA reporting during 2023. Finding 2023-001 related to Tribal Self-Governance FFATA Reporting.

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.

In 2023 we reviewed the policy and procedure to ensure it was current. In addition to policy and procedure review we drafted flow charts that outlines the process and defines roles and responsibilities of all employees involved in the process. Finally, we provided training in the subaward policy for employees involved in the subaward process, with emphasis on the FFATA reporting requirements and roles and responsibilities. We deployed the FFATA reporting process to non-Tribal Self-Governance funding sources.



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

Questioned Programs: Native Family Assistance Program

Award Numbers:

604-266-22001 - Year 2022

604-266-23001 - Year 2023

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: This finding has been corrected in the current year.

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.

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## FY 23 Corrective Action Plan

### Finding 2023-001 Material Weakness in Internal Control Over Compliance and Material Noncompliance - Reporting

**Questioned Programs:** ALN 15.022 Tribal Self Governance  
**Agencies:** Department of Interior

**Award Numbers:**

- GT-OSGT812- Year 2013
- GT-OSGT812- Year 2017
- GT-OSGT812- Year 2018
- GT-OSGT812- Year 2019
- GT-OSGT812- Year 2020
- GT-OSGT812- Year 2021
- GT-OSGT812- Year 2022
- GT-OSGT812- Year 2023
- GT-OSGT812- Year 2021
- GT-OSGT812- Year 2015, 2016, 2017
- GT-OSGT812- Year 2018, 2019, 2020
- GT-OSGT812- Year 2021, 2022, 2023

Status: In Progress

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.

In 2023 we reviewed the policy and procedure to ensure it was current. In addition to policy and procedure review we drafted flow charts that outlines the process and defines roles and responsibilities of all employees involved in the process. Finally, we provided training in the subaward policy for employees involved in the subaward process, with emphasis on the FFATA reporting requirements and roles and responsibilities. We deployed the FFATA reporting process to non-Tribal Self-Governance funding sources. Unfortunately, we did not apply the FFATA reporting requirements to Tribal Self-Governance funding which includes pass-through funding to Federally recognized Tribes. To complete compliance with the FFATA reporting requirements, AVCP will begin FFATA reporting on Tribal Self Governance funding for pass-through funding to Federally recognized Tribes for subrecipient awards including Aid to Tribal Government, Tribal Courts, and emergency funding.