

LAKOTA YOUTH DEVELOPMENT
AUDITED FINANCIAL STATEMENTS
Year Ended September 30, 2018

Don M. Tuttle, CPA
Winner, South Dakota

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lakota Youth Development

I have audited the accompanying financial statements of Lakota Youth Development (a nonprofit organization) which comprise the statements of financial position as of September 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakota Youth Development as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lakota Youth Development
Independent Auditor's Report

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Winner, SD
September 9, 2019

LAKOTA YOUTH DEVELOPMENT
Statement of Financial Position
September 30, 2018

	September 30, 2018
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,065
Accounts receivable	32,110
Inventory	1,109
Prepaid insurance	171
TOTAL CURRENT ASSETS	36,455
FIXED ASSETS	
Land	40,000
Buildings and improvements	424,130
Equipment	103,754
Horses	3,000
Artwork	1,648
	572,532
Less: accumulated depreciation	(104,802)
NET FIXED ASSETS	467,730
TOTAL ASSETS	\$ 504,185
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	\$ 31,519
Accrued expenses	9,043
Current portion of long-term debt	162,990
TOTAL CURRENT LIABILITIES	203,552
Notes payable	162,990
Less current portion of long-term debt	(162,990)
TOTAL LONG TERM LIABILITIES	-
TOTAL LIABILITIES	203,552
Invested in capital assets net of related debt	304,740
Unrestricted	(4,107)
NET ASSETS	300,633
TOTAL LIABILITIES AND NET ASSETS	\$ 504,185

The accompanying notes are an integral part of these statements.

LAKOTA YOUTH DEVELOPMENT
Statement of Activities and Changes in Net Assets
Year Ended September 30, 2018

	September 30, 2018
SUPPORT AND REVENUES	
Strengthening the Circle	\$ 118,819
Contracts - State of South Dakota	91,771
Other grants	150,398
Contributions	69,730
In-kind donations	19,906
Honey Lodge income	7,823
Camp income	5,200
After-school program donation	3,244
Fundraising	461
Other revenue	4,114
TOTAL SUPPORT AND REVENUES	471,466
EXPENSES	
Program services	
Preventive services	113,409
Independent living	3,805
Total program services	117,214
Support services	
Management and general	283,648
Fundraising	-
Total support services	283,648
TOTAL EXPENSES	400,862
Excess of revenue over expenses	70,604
OTHER REVENUE (EXPENSES)	
Interest expense	(8,094)
Loss on disposal of assets	(35,206)
Net other expenses	(43,300)
CHANGE IN NET ASSETS	27,304
NET ASSETS AT BEGINNING OF YEAR	273,329
NET ASSETS AT END OF YEAR	\$ 300,633

The accompanying notes are an integral part of these statements.

LAKOTA YOUTH DEVELOPMENT
Statement of Cash Flows
Year Ended September 30, 2018

	September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 27,304
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	22,533
Loss on sale of fixed assets	35,206
Capitalized interest & bank fees	927
Changes in assets and liabilities	
Decrease (increase) in:	
Accounts receivable	(5,464)
Prepaid expenses	9,733
Inventory	2,553
Miscellaneous receivable	
Increase (decrease) in:	
Accounts payable	27,232
Unearned revenue	(158,485)
Accrued expenses	(1,397)
NET CASH USED BY OPERATING ACTIVITIES	(39,858)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(9,302)
Proceeds from sale of equipment	8,127
NET CASH USED BY INVESTING ACTIVITIES	(1,175)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from line of credit	35,000
Payments on note payable	(4,681)
NET CASH PROVIDED BY FINANCING ACTIVITIES	30,319
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,714)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,779
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,065
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest during the year	\$ 7,167
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION	
Payment of debt with surrendered asset	\$ 7,278
Value of in-kind contributions received	19,904
Capitalized interest expense	927

The accompanying notes are an integral part of these statements.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2018

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities – Lakota Youth Development (Organization), formerly known as the Native American Advocacy Program, was established in 1993. It is a non-profit organization established to assist Native Americans by providing prevention, education and training, advocacy, and support services. These services are categorized as preventive services. The program serves all Native Americans on and off the reservation in the state of South Dakota.

The Organization's primary funding sources come from Federal grants and contracts held with the state of South Dakota.

The Lakota Youth Development's goals are:

1. To promote culturally appropriate services to the Oyate (Lakota, Dakota and Nakata nations) by the development of programs that will improve their lives.
2. To empower and encourage individuals and their Tiospaye (extended families) to have their rights honored and to exercise their responsibilities to have their needs addressed in their communities.
3. To promote an effective and quality organization, board and staff practicing Native American values.
4. To promote and enhance mental health related support services among tribal nations.
5. To foster acceptance of individuals into the community by education and revitalization of Native American values through increasing access to culturally sensitive services.

Significant Accounting Policies

Basis of Presentation – The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Revenue Recognition – Contributions received, including unconditional promises to give, are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use. Revenue from grants is recognized when a transaction is completed. Revenue received in advance of incurring the grant related expense is considered a refundable advance until the expense takes place, at which time the revenue is then recognized.

Date of Management's Review – Subsequent events have been evaluated through September 9, 2019, the date the financial statements were available to be issued.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2018

Federal Income Tax Status – The Trust is exempt from federal income tax under Code Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 109(a)(2). The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for fiscal years before September 30, 2016.

Inventory – The inventory consists primarily of bead and quilt work, drums and icabu, decorative gourds, hats, traditional foods, and regalia. Inventory is valued at the lower of cost or market. Cost is determined on the first in, first out method. Donated items are recorded at estimated fair value at the date of donation.

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

Cash Flow Information – The Trust considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents for purposes of the statement of cash flows. Temporarily restricted and permanently restricted cash and cash equivalents are not considered cash equivalents for cash flow purposes.

Accounts Receivable and Allowance for Doubtful Accounts – Accounts receivable are recorded at the amount the Organization expects to collect on balances outstanding at the year-end. An allowance for doubtful accounts is recorded based on a combination of write-off history, aging analysis and any specific accounts which are deemed uncollectible. Accounts are written off when they are determined to be uncollectible.

Accumulated Paid Time Off – Paid time off includes vacation, sick leave, and other approved leave. The Organization may pay full-time employees for unused paid time off after their anniversary date not to exceed 80 hours. The number of hours of leave available shall be based on the number of years of service the employee has with the Organization.

1-5 years of service	200 hours
6-10 years of service	240 hours
11-14 years of service	280 hours
15+ years of service	320 hours

Donated Materials and Services – Donated materials and services are reflected as contributions at their estimated values on the date of receipt. These services are recognized as both support and expense and, therefore, do not affect net assets.

Advertising Costs – Advertising costs are expensed as incurred.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2018

Note 2 – Property and Equipment Depreciation Method

The straight-line method is used to compute depreciation expense over the estimated useful life of all depreciable assets. The following is a summary of the various types of property and equipment and their estimated useful lives:

<u>Asset Description</u>	<u>Life</u>
Buildings and improvements	10-40 years
Equipment	7-10 years

The basis for valuing depreciable assets is cost for purchased assets and fair value for any donated assets. The Organization has adopted a policy of capitalizing fixed assets with a per unit cost of \$500 or more.

Note 3 – Accounts Receivable

Accounts receivable consists of the following as of September 30, 2018:

	2018
Contracts billed - State of South Dakota	\$ 10,037
Crop grant	13,682
Missouri River tourism grant	<u>2,500</u>
TOTAL	\$ <u>28,237</u>

No allowance for doubtful accounts was deemed necessary as of September 30, 2018.

Note 3 – Long-Term Debt

Long-term debt consists of the following as of September 30, 2018:

	2018
5.5% note payable to Butte State Bank, payable in monthly installments of \$862.16 including interest through February 2038, secured by real estate	\$ 123,233
7.25% note payable to Butte State Bank, payable in monthly installments of \$1,235.39 including interest through January 2019	<u>39,757</u>
	162,990
Less current portion	<u>(162,990)</u>
	\$ <u>-</u>

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2018

Note 3 – Long-Term Debt, continued

See Note 6 related to subsequent events

Maturities of long-term debt during the next five years ending September 30, 2018, are as follows:

2019	\$ 162,990
2020	-
2021	-
2022	-
2023	-
	<u>\$ 162,990</u>

Note 4 – In-Kind Contributions

The Organization regularly receives clothing and household items from donors who either mail or drop off the items. The Organization's personnel put a value on the donated items based on amounts from an IRS website.

Note 5 – Capitalized Interest

Total capitalized interest was \$927.

Note 6 – Subsequent Events

Management has evaluated subsequent events through September 9, 2019, the date the financial statements were available to be issued.

All proceeds from the sale of real estate in August 2019 were used to pay long-term debt. In addition, the Organization was required to pay an additional \$3,458 to satisfy the remaining balance of long-term debt. The statement of financial position reflects current and long-term portions of debt due to this sale.

Note 7 – Contributed Services

The Board members have corporately donated approximately 60 hours of time attending Board meetings during the fiscal year ended September 30, 2018.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2018

Note 8 – Related Parties

The Executive Director of the Organization received a salary of \$44,176.

The Executive Director's husband and son received salaries of \$13,640 and \$17,964, respectively.

These same three individuals received a total of \$2,590 for travel, stipends, and day labor during the fiscal year ended September 30, 2018. Another son of the Executive Director received \$1,650 for travel and labor.

The Executive Director's daughter received \$2,289 for travel, camp, and crop activities.

Two Board members provided services as chaperones and mentors related to events sponsored by the Organization. They were paid \$3,932 for these services.

No amounts were due to or from any related parties as of September 30, 2018.

**LAKOTA YOUTH DEVELOPMENT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018**

Expenses	Program Services		Support Services		2018 Total
	Preventive Services	Ind. Living	Mgmt & General	Fund- raising	
Salaries and wages	\$ 33,313	\$ 3,384	\$ 68,894	\$ -	\$ 105,591
Strengthening the Circle expenses	-	-	63,962	-	63,962
Camp expenses	31,787	-	5,485	-	37,272
Supplies	10,718	-	4,696	-	15,414
Depreciation	-	-	22,533	-	22,533
Travel	7,575	-	18,677	-	26,252
Contract services	7,010	-	17,846	-	24,856
Miscellaneous expenses	23	-	11,882	-	11,905
Insurance	-	-	12,882	-	12,882
Utilities and telephone	3,334	-	19,893	-	23,227
Staff training	-	-	8,980	-	8,980
Payroll taxes	2,378	259	8,595	-	11,232
Day labor and stipends	3,870	-	9,600	-	13,470
Bank charges	2	-	2,363	-	2,365
Building expenses	-	-	2,141	-	2,141
Equine expenses	33	-	1,640	-	1,673
Advertising and printing	1,686	162	2,523	-	4,371
Honey Lodge expenses	11,520	-	593	-	12,113
Membership fees	-	-	463	-	463
Sales tax	160	-	-	-	160
	\$ 113,409	\$ 3,805	\$ 283,648	\$ -	\$ 400,862

The accompanying notes are an integral part of these statements.