

LAKOTA YOUTH DEVELOPMENT
AUDITED FINANCIAL STATEMENTS
Year Ended September 30, 2021

Don M. Tuttle, CPA
Winner, South Dakota

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Don M. Tuttle, CPA

Certified Public Accountant

338 S. Main Street

Winner, SD 57580

Email: donmtuttle@golden1st.net

Telephone (605) 842-1070

Cell (605) 840-0245

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 statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Lakota Youth Development as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

I did not obtain sufficient appropriate audit evidence regarding the amount recognized as miscellaneous expense. This is because a lack of sufficient accounting controls over the use of the Organization's debit card prevented proper accounting for miscellaneous expense transactions in the accounting records. I was unable to obtain sufficient appropriate audit evidence about debit card disbursements using other auditing procedures.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Lakota Youth Development and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 Lakota Youth Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted 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

Lakota Youth Development
Independent Auditor's Report

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.

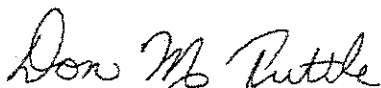
In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Lakota Youth Development'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lakota Youth Development's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Lakota Youth Development's 2020 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated December 16, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Winner, SD
November 18, 2022

LAKOTA YOUTH DEVELOPMENT

**Statements of Financial Position
September 30, 2021**

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	\$ 42,837	\$ 98,450
Accounts receivable	41,264	40,800
Inventory	4,025	1,919
Prepaid insurance	2,074	2,161
Employee loan receivable	2,952	1,273
TOTAL CURRENT ASSETS	93,152	144,603
FIXED ASSETS		
Buildings and improvements	364,689	302,032
Equipment	179,893	156,540
Horses	2,500	2,500
Artwork	901	901
	547,983	461,973
Less: accumulated depreciation	(133,958)	(104,567)
NET FIXED ASSETS	414,025	357,406
TOTAL ASSETS	\$ 507,177	\$ 502,009

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	1,547	4,272
Accrued expenses	16,961	11,132
Current portion of long-term debt (Note 5)	3,650	-
Short term note payable	-	4,000
TOTAL CURRENT LIABILITIES	22,158	19,404
Note payable (Note 5)	146,350	150,000
TOTAL LONG TERM LIABILITIES	146,350	150,000
TOTAL LIABILITIES	168,508	169,404
NET ASSETS		
Without donor restrictions	338,669	332,605
TOTAL NET ASSETS	338,669	332,605
TOTAL LIABILITIES AND NET ASSETS	\$ 507,177	\$ 502,009

The accompanying notes are an integral
part of these statements.

LAKOTA YOUTH DEVELOPMENT
Statements of Activities and Changes in Net Assets
Year Ended September 30, 2021

	2021	2020
	<u>Without Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES		
Contracts - State of South Dakota	\$ 237,595	\$ 155,360
Other grants	252,364	233,107
Contributions	70,197	62,282
In-kind donations	3,140	2,890
Honey Lodge income	25,263	10,923
Camp income	2,098	2,899
Fundraising	708	669
PPP Loan proceeds	-	18,687
Interest Income	34	1
Other revenue	17,222	7,069
TOTAL SUPPORT AND REVENUES	608,621	493,887
EXPENSES		
Program services (preventive)	308,395	224,617
Support services		
Management and general	288,692	199,617
Fundraising	640	2,944
Total support services	289,332	202,561
TOTAL EXPENSES	597,727	427,178
Excess of revenue over expenses	10,894	66,709
OTHER REVENUE (EXPENSES)		
Interest expense	(4,149)	(1,828)
Gain (loss) on disposal of assets	(682)	1,500
Net other expenses	(4,831)	(328)
CHANGE IN NET ASSETS	6,064	66,381
NET ASSETS AT BEGINNING OF YEAR	332,605	266,224
NET ASSETS AT END OF YEAR	\$ 338,669	\$ 332,605

The accompanying notes are an integral
part of these statements.

LAKOTA YOUTH DEVELOPMENT

**Statements of Cash Flows
Year Ended September 30, 2021**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,064	\$ 66,381
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	29,760	18,386
(Gain) / Loss on fixed asset disposals	682	(1,500)
Financed bank fee	-	100
Changes in assets and liabilities		
(Increase) Decrease in:		
Accounts receivable	(464)	(28,387)
Prepaid insurance	(2,106)	(811)
Inventory	87	(708)
Employee loan receivable	(1,679)	(668)
Increase (Decrease) in:		
Accounts payable	(2,725)	190
Accrued expenses	5,829	157
NET CASH PROVIDED BY OPERATING ACTIVITIES	35,448	53,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(87,311)	(90,108)
Proceeds from sale of equipment	250	-
NET CASH USED BY INVESTING ACTIVITIES	(87,061)	(90,108)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	158,900
Payments on notes payable	(4,000)	(23,215)
NET CASH PROVIDED / USED BY FINANCING ACTIVITIES	(4,000)	135,685
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(55,613)	98,717
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	98,450	(267)
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 42,837	\$ 98,450
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	24	1,828
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Value of traded vehicle	-	1,500
Value of in-kind contributions received	3,140	2,890

The accompanying notes are an integral part of these statements.

LAKOTA YOUTH DEVELOPMENT

**Statements of Functional Expenses
September 30, 2021**

	Program Services	Support Services		2021 Total	2020 Total
		Management & General	Fundraising		
Salaries and wages	\$ 108,734	\$ 67,344	\$ -	\$ 176,078	\$ 112,438
Camp expenses	105,047	16,133	-	121,180	74,963
Travel	9,950	47,102	67	57,119	35,362
Contract services	17,561	31,562	-	49,123	41,930
Honey Lodge expenses	34,021	2,207	-	36,228	25,012
Depreciation	-	29,760	-	29,760	18,386
Supplies	3,469	20,638	-	24,107	41,663
Utilities and telephone	5,332	10,561	-	15,893	14,407
Day labor and stipends	5,460	10,308	-	15,768	11,096
Payroll taxes	7,418	7,169	-	14,587	9,166
Insurance	2,489	9,380	-	11,869	10,872
Repairs	3,267	5,513	-	8,780	7,458
Equine expenses	-	6,457	-	6,457	4,964
Membership fees	175	2,847	-	3,022	898
Advertising and printing	367	2,506	-	2,873	855
Chicken project	548	1,227	-	1,775	5,614
Training	1,270	253	-	1,523	987
Bank charges	11	1,094	-	1,105	1,579
Building expenses	-	337	433	770	4,382
Fundraising expenses	-	-	140	140	1,866
Miscellaneous expenses (Note #10)	3,276	16,294	-	19,570	3,280
	<u>\$ 308,395</u>	<u>\$ 288,692</u>	<u>\$ 640</u>	<u>\$ 597,727</u>	<u>\$ 427,178</u>

The accompanying notes are an integral
part of these statements.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2021

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 Nakota 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 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 November 18, 2022, the date the financial statements were available to be issued.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2021

Note 1 – Nature of Activities and Significant Accounting Policies (cont'd)

Federal Income Tax Status – The Organization 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, 2018. The Organization sells honey which is subject to the unrelated business income tax.

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 Organization considers all highly liquid investments, including restricted cash, with maturities of three months or less when purchased to be cash equivalents for purposes of the statement of cash flows.

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

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2021

Note 1 – Nature of Activities and Significant Accounting Policies (cont'd)

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.

Concentration of Revenue Sources – About 39% of the Organization's revenue is derived from grant funding from the state of South Dakota and is renewed annually. The current level of the Organization's operations and program services may be significantly impacted if funding is not renewed.

Functional allocation of expenses – All direct costs are allocated directly to the programs benefitting from these activities. The costs of providing certain activities of the Organization have been allocated among the programs and supporting services benefited on a reasonable basis.

Advertising Costs – Advertising costs are expensed as incurred.

Note 2 – Capitalization Policy

Effective Date: 10/1/2017

Lakota Youth Development maintains a capitalization policy for movable and fixed equipment, land, land improvements, buildings and building renovations. All capitalized assets are assigned a depreciable life. This capitalization policy shall be followed for both book and tax purposes. The capitalization policy is defined as follows:

Capitalization Policy

1. **All movable and fixed equipment** having a useful life in excess of one year and a cost in excess of \$500 per single working unit. A working unit is defined as a piece of equipment, that when assembled, functions as a stand-alone unit.
2. **All land, land improvements, buildings and building renovations** having a useful life in excess of one year and a cost in excess of \$500 per project. A project is defined as improving and/or extending the useful life of the building/system, adapting to different use, or a material betterment.

Group Purchases

Occasionally, the Organization will capitalize a group purchase of similar items, which individually are less than the capitalization amount.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2021

Note 2 – Capitalization Policy (cont'd)

Depreciation

For book purposes, the Organization depreciates all buildings and equipment by the straight-line method over their useful lives. Useful life is as follows:

Buildings	40 Years
Leasehold Improvements	40 Years
Land Improvements	15 Years
Equipment	7 Years
Vehicles	5 Years
Office Equipment (Furniture)	7 Years
Office Equipment (Computer Hardware)	5 Years
Office Equipment (Computer Software)	5 Years

For tax purposes, applicable MACRS methods and useful lives will be used according to IRS Regulations.

Retirement Policy

Assets are retired from the capital asset file when it has been determined that the asset is no longer operable, has been replaced, or is no longer available for use. Notification of retirement is made through annual equipment reviews.

Note 3 – Liquidity of Assets

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows.

	<u>2021</u>
Checking and savings accounts	\$ 42,837
Accounts receivable	41,264
Employee receivables	2,952
	<u>\$ 84,101</u>

The Organization's plan for meeting obligations within one year of the Statement of Financial Position date is to continually apply for grants which are available to those who apply.

Note 4 – Accounts Receivable

Accounts receivable consists of the following as of September 30, 2021:

Contracts billed - State of South Dakota	\$ 41,264
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No allowance for doubtful accounts was deemed necessary as of September 30, 2021.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2021

Note 5 – Long-Term Debt

Long-term debt consists of the following as of September 30, 2021:

	2021
2.75% loan payable to Small Business Administration, payable in monthly payments of \$641.00 including interest beginning May 28, 2022, through April 28, 2052	\$ 150,000

Maturities of long-term debt as of September 30, 2021, are as follows:

2022	\$	3,650
2023		3,714
2024		3,807
2025		3,924
2026		4,033
2027 and after		130,872
	\$	150,000

Note 6 – 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 7 – Subsequent Events

Management has evaluated subsequent events through November 18, 2022, the date the financial statements were available to be issued.

The Covid-19 pandemic has created much uncertainty regarding the activities and operations for the Organization. It is possible an unexpected event related to the pandemic could take place and dramatically impact the Organization.

During the month of November 2021, the Organization received a donation for \$500,000 from an anonymous source.

Note 8 – Contributed Services

The Board members have corporately donated approximately 60 hours of time attending Board meetings during the fiscal year ended September 30, 2021.

LAKOTA YOUTH DEVELOPMENT
Notes to Financial Statements
September 30, 2021

Note 9 – Conditional Promises

The Organization has secured additional funding from the following sources for the year ended September 30, 2022.

Anonymous donor	\$ 500,000
State of South Dakota, Prevention	191,741
Northwest Area Covid Grant	100,000
Native American Agriculture Fund	2,500
State of South Dakota, Tobacco Prevention	2,500
Volunteers of America, Dakotas	1,442
	<u>\$ 798,183</u>

Note 10 – Miscellaneous Expenses

The functional totals for miscellaneous expenses are as follows:

Program Services	\$ 3,276
Management and General	16,294
Fundraising	-
	<u>\$ 19,570</u>

Sufficient audit evidence is unavailable to allow for reclassification of miscellaneous expenses to travel, supplies, or other specific expenses. The specific purpose for these expenses is unknown.

Note 11 – Related Parties

The Executive Director of the Organization received \$1,356 for travel and a stipend.

The Executive Director's husband and son received salaries of \$7,504 and \$31,654, respectively.

These same two individuals and the Executive Director's daughter received a total of \$2,083 for product sales, travel, stipends, and day labor during the fiscal year ended September 30, 2021. Two additional sons of the Executive Director and a nephew received \$10,045 for travel and labor.

Two Board members provided services as chaperones and mentors related to events sponsored by the Organization. They were paid \$13,519 for these services.

\$265 was due from the Executive Director and \$611 was due from one of the Executive Director's sons for personal expenses as of September 30, 2021.