



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**NATIONAL INDIAN
COUNCIL ON AGING, INC.**

**INDEPENDENT AUDITOR'S REPORT,
AND FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2016,
With Comparative Totals for 2015**

NATIONAL INDIAN COUNCIL ON AGING, INC.
TABLE OF CONTENTS

	<u>Page</u>
Table of Contents	i
Official Roster	1
Independent Auditor's Report	2-3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Statement of Functional Expenses - 2016	7
Statement of Functional Expenses - 2015	8
Notes to the Financial Statements	9-16
Supplemental Information	
Schedule of Expenditures of Federal Awards	17
Compliance Section	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By The Uniform Guidance	20-21
Schedule of Findings and Questioned Costs	22-23

NATIONAL INDIAN COUNCIL ON AGING, INC.
OFFICIAL ROSTER
As of June 30, 2016

Board of Directors

Name	Title
Eddie Tullis	Chairman - Eastern Region
James DeLaCruz, Sr.	Vice Chairman - Northwest Region
Martha Adele Mihesuah	Secretary - Midwest Region
JoAnn Jones	Treasurer - Southern Plains Region
Cyndi Nation	Member - Alaska Region
Rhonda Weaver	Member - Eastern Oklahoma Region
Robert LaFromboise	Member - Great Plains Region
Phyllis Antone	Member - Western Region
Ralph Bennett, Jr.	Member - Navajo Region
Lucia Trujillo	Member - Southwest Region

Administration

Name	Title
Randella Bluehouse	Executive Director
Jeannine White	Finance Director



INDEPENDENT AUDITOR’S REPORT

Board of Directors
National Indian Council on Aging, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of National Indian Council on Aging, Inc. (NICOA) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NICOA as of June 30, 2016, 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.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from NICOA's 2015 financial statements for the year ended June 30, 2015 dated January 18, 2016. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for prior year comparative data, is based solely on the report of the other auditors. Those auditors expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the NICOA's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic 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 January 19, 2017, on our consideration of NICOA's 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 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 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 NICOA's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.
Albuquerque, NM
January 19, 2017

NATIONAL INDIAN COUNCIL ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
As of June 30, 2016, with Comparative Totals for 2015

	Notes	2016	2015
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	2	\$ 160,483	176,742
Grants receivable	3	360,020	358,256
Other accounts receivable, net	3	34,400	586
Prepaid expenses		73,122	14,388
Security deposits		<u>7,213</u>	<u>7,483</u>
Total current assets		<u>635,238</u>	<u>557,455</u>
Property and equipment, net	4	<u>-</u>	<u>-</u>
Total assets		<u>\$ 635,238</u>	<u>557,455</u>
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Accounts payable		\$ 92,345	37,688
Payroll related liabilities and compensated absences	5	303,211	260,497
Deferred revenues	6	<u>69,669</u>	<u>12,949</u>
Total liabilities		<u>465,225</u>	<u>311,134</u>
NET ASSETS			
Unrestricted, net assets		<u>170,013</u>	<u>246,321</u>
Total liabilities and net assets		<u>\$ 635,238</u>	<u>557,455</u>

NATIONAL INDIAN COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016, with Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
SUPPORT AND REVENUE		
Federal grants	\$ 6,205,736	5,856,749
Foundation grants	11,440	20,539
Conference revenue	-	348,681
Membership dues	15,800	39,850
Other revenue	38,933	8,013
Indirect cost recovery	271,524	278,415
In-kind contributions (services)	749,659	793,620
Total support and revenue	<u>7,293,092</u>	<u>7,345,867</u>
 EXPENSES		
Program services		
Senior Community Service Employment	6,541,905	6,463,133
Administration for Community Living	413,489	187,236
Diverse Elder Coalition	11,440	11,669
Diverse Elder State Partners	-	4,940
Total program services	<u>6,966,834</u>	<u>6,666,978</u>
 Management and general	<u>402,566</u>	<u>679,066</u>
 Total expenses	<u>7,369,400</u>	<u>7,346,044</u>
 Change in net assets	(76,308)	(177)
 Net assets, beginning of year	<u>246,321</u>	<u>246,498</u>
Net assets, end of year	<u><u>\$ 170,013</u></u>	<u><u>246,321</u></u>

NATIONAL INDIAN COUNCIL ON AGING, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

	2016	2015
Cash Flow From Operating Activities		
Cash receipts from grants	\$ 6,215,412	5,809,871
Cash receipts from conference	-	348,681
Cash from membership dues	15,800	39,850
Cash receipts from other	5,119	6,391
Cash paid to employees and suppliers	<u>(6,252,590)</u>	<u>(6,349,190)</u>
Cash used for operating activities	<u><u>(16,259)</u></u>	<u><u>(144,397)</u></u>
Cash Flows From Investing Activities		
None		
Cash Flows From Financing Activities		
None		
Net decrease in Cash and Cash Equivalents	(16,259)	(144,397)
Cash and cash equivalents at beginning of year	<u>176,742</u>	<u>321,139</u>
Cash and cash equivalents at end of year	<u><u>\$ 160,483</u></u>	<u><u>176,742</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ (76,308)	(177)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	90
Prior period adjustment	-	4,448
(Increases) decreases in operating assets:		
(Increase) decrease in grant receivables	(1,764)	(67,417)
(Increase) decrease in other receivables	(33,814)	(1,622)
(Increase) decrease in prepaid expense	(58,734)	(4,427)
(Increase) decrease in security deposits	270	-
Increase (decrease) in operating liabilities:		
Increase (decrease) in accounts payable	54,657	10,326
Increase (decrease) in deferred revenue	56,720	(61,851)
Increase (decrease) in accrued wages and benefits	<u>42,714</u>	<u>(23,767)</u>
Cash used for operating activities	<u><u>\$ (16,259)</u></u>	<u><u>(144,397)</u></u>

NATIONAL INDIAN COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016, With Comparative Totals For 2015

	<u>Program Services</u>				<u>Management and General</u>			<u>2016 Total</u>	<u>2015 Total</u>
	<u>Senior Community Service Employment</u>	<u>Administration for Community Living National Minority Aging Organizations</u>	<u>Diverse Elders Coalition</u>	<u>Total Program Services</u>	<u>Organization Activities</u>	<u>Supporting Services</u>	<u>Total Management and General</u>		
Salaries and Wages	\$ 4,623,511	108,145	6,511	4,738,167	17,634	186,396	204,030	4,942,197	4,805,679
Payroll taxes and employee benefits	660,736	31,733	1,217	693,686	4,101	52,278	56,379	750,065	718,621
Compensated Absences	-	-	-	-	5,249	-	5,249	5,249	(12,763)
Total salaries, payroll taxes and employee benefits	5,284,247	139,878	7,728	5,431,853	26,984	238,674	265,658	5,697,511	5,511,537
Incentives for participants	-	-	100	100	-	-	-	100	-
Elder advocacy products	-	29,896	-	29,896	19	-	19	29,915	-
Office supplies	19,880	4,305	28	24,213	-	5,816	5,816	30,029	35,275
Promotional products	-	-	-	-	51	-	51	51	-
Office expenses	1,222	-	-	1,222	-	1,793	1,793	3,015	-
Educational supplies	-	1,293	-	1,293	-	-	-	1,293	-
Software	-	-	-	-	-	180	180	180	300
Outreach materials	-	1,188	-	1,188	-	-	-	1,188	-
Telephone	19,570	894	23	20,487	343	1,099	1,442	21,929	18,105
Internet service	5,144	413	11	5,568	12	686	698	6,266	9,301
Webhosting	5,792	1,371	20	7,183	49	911	960	8,143	5,705
Postage/shipping expense	11,218	601	-	11,819	920	308	1,228	13,047	15,726
Office rent	61,820	4,278	-	66,098	-	26,381	26,381	92,479	89,586
Storage rental	1,251	311	-	1,562	-	1,954	1,954	3,516	4,356
Equipment rental	3,596	575	11	4,182	425	1,393	1,818	6,000	77,694
Equipment maintenance	-	-	-	-	-	203	203	203	-
Technical support	12,251	5,099	54	17,404	259	8,111	8,370	25,774	32,044
Software support	3,862	400	57	4,319	-	5,958	5,958	10,277	-
Printing expense	2,661	34,362	-	37,023	328	167	495	37,518	12,325
Professional services	27,276	96,374	263	123,913	3,840	28,527	32,367	156,280	81,040
Legal services	-	-	-	-	1,068	-	1,068	1,068	-
Auditing services	-	-	-	-	-	15,775	15,775	15,775	16,948
Advertising	1,227	5,222	-	6,449	-	307	307	6,756	4,021
Subscription	-	5,559	-	5,559	1,950	-	1,950	7,509	3,413
Travel-staff	108,596	6,781	862	116,239	5,999	1,228	7,227	123,466	92,708
Meeting costs	1,843	32	-	1,875	52	-	52	1,927	2,045
Registration	100	738	178	1,016	1,725	-	1,725	2,741	11,143
Membership	417	92	-	509	623	55	678	1,187	980
Staff development	199	398	-	597	-	2,204	2,204	2,801	-
State taxes/fees/registrations	-	-	-	-	94	170	264	264	-
Participant other training	70	-	-	70	-	-	-	70	-
Participant skill training	379	-	-	379	-	-	-	379	325
In-kind contribution expense	749,659	-	-	749,659	-	-	-	749,659	793,620
Bank service charge	6,025	-	-	6,025	-	387	387	6,412	-
Elav on MS bank fee	-	-	-	-	94	-	94	94	-
Liability /property insurance	3,229	584	14	3,827	55	825	880	4,707	9,518
Cyber liability insurance	1,104	289	8	1,401	-	393	393	1,794	-
Directors/officers insurance	-	-	-	-	4,251	-	4,251	4,251	-
Miscellaneous expense	264	-	-	264	64	-	64	328	10,174
Penalty /finance charges	-	-	-	-	166	-	166	166	-
Non-capital office furniture	3,800	1,404	-	5,204	-	2,976	2,976	8,180	4,094
Non-capital office machines	4,150	2,764	-	6,914	-	6,714	6,714	13,628	10,326
Indirect cost	201,053	68,388	2,083	271,524	-	-	-	271,524	278,414
Conference	-	-	-	-	-	-	-	-	215,231
Depreciation	-	-	-	-	-	-	-	-	90
Total expense	\$ 6,541,905	413,489	11,440	6,966,834	49,371	353,195	402,566	7,369,400	7,346,044

NATIONAL INDIAN COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES (COMPARATIVE PURPOSES ONLY)
For the Year Ended June 30, 2015, With Comparative Totals For 2014

	Program Services					Management and General				
	Senior Community Service Employment	Administration for Community Living National Minority Aging Organizations	Diverse Elders Coalition	Diverse Elder State Partners and Consumer Health Advocates	Total Program Services	Organization Activities	Supporting Services	Total Management and General	2015 Total	2014 Total
Salaries	\$ 4,505,926	75,472	6,680	2,534	4,590,612	59,515	155,552	215,067	4,805,679	5,061,488
Pay roll taxes and employee benefits	642,197	21,076	1,346	617	665,236	14,277	39,108	53,385	718,621	741,085
Compensated absence	-	-	-	-	-	(12,763)	-	(12,763)	(12,763)	4,217
Total salaries, pay roll taxes and employee benefits	5,148,123	96,548	8,026	3,151	5,255,848	61,029	194,660	255,689	5,511,537	5,806,790
Advertising	3,616	373	-	-	3,989	-	32	32	4,021	1,097
Audit service	-	-	-	-	-	-	16,948	16,948	16,948	16,871
Depreciation	-	-	-	-	-	90	-	90	90	1,728
Equipment- non capital	11,884	2,524	-	-	14,408	-	12	12	14,420	7,654
Conferences	-	-	-	-	-	215,231	-	215,231	215,231	17,493
Insurance	4,293	396	-	-	4,689	4,085	744	4,829	9,518	11,290
Meetings	1,296	-	-	658	1,954	91	-	91	2,045	2,527
Office supplies	21,688	2,985	1	159	24,833	2,582	7,860	10,442	35,275	30,411
Participant support services	325	-	-	-	325	-	-	-	325	796
Other	5,430	96	-	-	5,526	4,555	178	4,733	10,259	7,903
Postage	14,051	440	7	8	14,506	702	518	1,220	15,726	11,491
Printing	5,516	2,517	-	85	8,118	4,165	42	4,207	12,325	3,260
Professional service	32,030	30,132	150	-	62,312	15,631	3,097	18,728	81,040	89,666
Publications, subscriptions, and dues	6,963	2,334	-	-	9,297	5,255	1,199	6,454	15,751	6,258
Equipment rental	2,278	299	-	-	2,577	72,281	2,836	75,117	77,694	5,618
Rent	57,704	3,593	-	-	61,297	3,483	29,162	32,645	93,942	91,492
Repairs and maintenance	-	-	-	-	-	-	-	-	-	252
Technical support	12,557	1,487	3	-	14,047	4,036	13,961	17,997	32,044	18,556
Telephone, internet, webhosting	28,078	1,394	1	-	29,473	1,146	2,492	3,638	33,111	32,768
Trainee costs	-	-	-	-	-	-	-	-	-	6,162
Travel	71,530	8,809	1,406	-	81,745	10,932	31	10,963	92,708	89,428
In-kind	793,620	-	-	-	793,620	-	-	-	793,620	833,997
Indirect cost	242,151	33,309	2,075	879	278,414	-	-	-	278,414	283,831
Total expense	\$ 6,463,133	187,236	11,669	4,940	6,666,978	405,294	273,772	679,066	7,346,044	7,377,339

NATIONAL INDIAN COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities

National Indian Council on Aging, Inc. (NICOA), a not-for-profit organization, was incorporated in 1976 to facilitate and improve services to American Indian and Alaska Native elders, including assistance with job training, providing information on rights, and testifying before federal and state legislatures on behalf of elderly American Indians. Program participants reside primarily in the Western United States, including New Mexico, Arizona, Oklahoma, California, Wisconsin, Minnesota, and South Dakota. Employment programs are funded through the U.S. Department of Labor. Other programs are funded through the U.S. Department of Health and Human Services and a private foundation.

Programs currently operated by NICOA include:

Senior Community Service Employment Program

The Senior Community Service Employment Program (SCSEP) is funded from the U.S. Department of Labor. SCSEP's purpose in the Act is "to foster individual self-sufficiency and promote useful opportunities in community service for unemployed low-income persons who are age 55 or older, particularly persons who have poor employment prospects; and to increase the number of persons who may enjoy the benefits of unsubsidized employment in both the public and private sectors." NICOA is a national grantee of SCSEP funds set-aside for American Indian/Alaska Native national aging organizations. NICOA's SCSEP mission is to provide opportunity for low income elders through paid training, meaningful community service, and skills development.

National Minority Aging Organizations Technical Assistance Centers Consortium

Established by the Administration for Communication Living (ACL) in 2012, the Consortium is composed of four national minority aging organizations. Native American Center is funded by the U.S. Department of Health and Human services, Administration for Community Living. Consortium partners include representative organizations for each of the four major racial and ethnic minority older populations. The primary goal of the NMAO-TAC Consortium is to serve as an interconnected resource center for the Aging Network. The Consortium will provide expertise in the design, development and sharing of culturally competent information and materials that can improve delivery of services to racial and ethnic minority Elders. For American Indian and Alaska Native Elders we will improve awareness of resources available to Native Elders across the country. NICOA will accomplish this by listening to NICOA Elder members and other stakeholders share their concerns and ideas about important issues such as the Older Americans Act, the Affordable Care Act and Social Security.

National Indian Health Outreach and Education Initiative

The National Indian Health Outreach and Education Initiative (NIHOE) is funded by Indian Health Service (HIS) pass-through National Indian Health Board (NIHB) to provide the outreach and educational training and technical assistance about Affordable Care Act (ACA) and their changes and requirements that will target American Indian and Alaska Native elders and seniors regarding the ACA and the Indian Health Care Improvement Act (IHCA); to provide ACA and IHCA education that translates in everyday language explaining the benefits of the laws for seniors and elders; to strengthen and unify partnership to strategically identify and conduct activities that will be implemented throughout the Indians/Tribal/urban community.

NATIONAL INDIAN COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

Diverse Elder Coalition (DEC)

The DEC's project goals are as follows: (1) Increased awareness among the general public, policymakers, and the aging services field about the economic, social, and health equity issues facing diverse elders and how these issues intersect across racial, ethnic, and cultural communities (2) Improved awareness of the significance of public benefits and entitlements to fostering the economic security and overall well-being of diverse elders. (3) Improved media coverage on issues of concern to diverse elder communities. (4) Increased mobilization across sectors (e.g., policymakers, providers, advocates, and elder communities) to protect, preserve, and expand services and benefits/entitlements for economically vulnerable and marginalized elders. (5) Increased awareness of, support for, and implementation of promising models to: leverage the strengths and skills of older adults; increase the capacity of culturally, linguistically, and LGBT-competent community-based organizations to deliver more programs and services to those most in need; expand holistic, individualized case management services that prevent elders from falling through the cracks of an often fragmented, uncoordinated network of aging services; and creating affordable linguistically and culturally appropriate senior housing. (6) Increased participation and influence of diverse elders in settings where key programs and policies (including benefits/entitlements) are discussed, debated, and established. (7) Increased efforts by the DEC members to educate their constituencies on the DEC's inclusive framework so that more elders in more communities can "connect the dots" between the challenges they face and those confronting elders in other racial, ethnic, and cultural communities and then act on this awareness. (9) More equitable distribution of public funding for aging programs to expand support for culturally competent services.

Diverse Elder-State Partners and Consumer Health Advocates Project-Memo of Understanding

Purpose of the Memorandum of Understanding is to establish a collaborative partnership between the Diverse Elder Coalition (DEC), its state partners and Community Catalyst (CC), and their state consumer advocates. Over the course of the collaboration, DEC state partners and CC state consumer health advocates will work in partnership to improve health insurance coverage and benefits for older people of color and lesbian, gay, bisexual, transgender (LGBT) older people under the Affordable Care Act (ACA), as well as their overall health and well-being in New Mexico.

B. Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than when received and expenses are recognized when the related liability is incurred rather than when paid.

C. Financial Statement Presentation

NICOA prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections *Financial Statements of Not-for-Profit Organizations*. Under 958-205, NICOA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No temporarily restricted net assets or permanently restricted net assets were held during 2015 and 2016 and, accordingly, these financial statements do not reflect any activity related to those classes of net assets.

D. Grants

NICOA is funded by grants awarded by various sources. Revenue from grants is recognized when funds are spent or when specific deliverables are completed in accordance with grant

NATIONAL INDIAN COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

provisions. Grants receivable represent amounts due for expenditures incurred or deliverables completed prior to year-end, but not yet reimbursed.

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, NICOA considers all highly liquid debt instruments with a maturity date of three months or less at the time of purchase to be a cash equivalent. Cash and cash equivalents consist of checking accounts, savings accounts and cash on hand.

F. Prepaid Expense

Prepaid expenses represent workers' compensation premiums and health insurance premiums paid at the end of the fiscal year for the coverage that extends through part of the following year. Also included are rents paid in advance, technical support, and telephone.

G. Conference Revenue and Related Expense

Conference revenue and related expenses generated from a biennial conference hosted by NICOA consist of registration fees and direct costs of producing the conference. Registration fees received in advance of the conference are recorded as deferred revenue until the conference has taken place and the earnings process is substantially complete.

H. Functional Expense and Indirect Cost Rate

Expenses that can be identified with a specific program are allocated directly according to their natural expenditures classification. Other expenses are allocated among the programs benefited. Included in federal and other program grant expenses in the accompanying statement of activities are funds paid to general and administrative costs, and indirect costs charged to each program based on a provisional allocation rate.

I. Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized and depreciated on a straight-line basis over their estimated useful life of seven years. Property and equipment are stated at cost, or, if donated, at the estimated fair value on the date of donation.

J. Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Gifts of cash and other assets are reported as restricted support if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of long-lived assets are reported as unrestricted support unless the donor has restricted the use of the assets for specific purposes. Long-lived assets with explicit restrictions, and gifts of cash that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Long-lived assets are recorded at their fair market value on the date of receipt.

NATIONAL INDIAN COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

K. Donated Services and Materials

A number of volunteers have donated time to NICOA's program and administration. As these services do not qualify for recognition as donated services in accordance with FASB 958-605, they are not recorded as revenue and expense.

Donated services are recognized as contributions in accordance with FASB 958-605 if the services enhance or create nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are recorded as contributions at their estimated fair market value at the date of donation and/or actual rates of pay.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restrictions donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, NICOA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. NICOA reclassifies temporarily restricted net assets to unrestricted net assets when the restrictions have been satisfied.

L. Income Taxes

NICOA is exempt from state and federal income taxes on related income under Section 501 (a) of the Internal Revenue Code as an organization described in Section 501(c)(3). NICOA is classified as other than a private foundation.

M. Uncertain Tax Provisions

NICOA files their Federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. NICOA is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2013. The organization is not currently under audit nor has the organization been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose. NICOA recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses, when applicable. No provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2016 and 2015.

N. Compensated Absences Payable

NICOA accrues annual leave as the benefit is earned by employees. Eligible employees accrue annual leave based upon their FTE status and according to tenure of employment. Immediately upon hire, employees earn 4 hours of annual leave each pay period. After one year of employment, employees will earn 5 hours each pay period. After three years, employees will earn 6 hours per pay period up to a maximum of 19.50 days of vacation.

NATIONAL INDIAN COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

Employees also earn an additional amount of paid annual leave based on a certain number of years with NICOA as follows:

<u>Years of Service</u>	<u>Hours</u>
10	40
15	60
20	80
25	100
30	120

Annual leave pay is not granted in lieu of taking the actual time off. Annual leave hours accrued by employees over 80 hours at fiscal year-end are not lost to the employee, however a limit of 80 hours is used for the annual leave accrual calculation. Accrued annual leave for each employee can be carried over to the following calendar year, up to a maximum of 80 hours.

O. Financial Instruments

NICOA believes the carrying amount of its federal grants receivable and accounts payable approximates fair value due to their short maturity.

P. Use of Estimates

The preparation of financial statements in conformity with US 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.

Q. Advertising

The cost of advertising is expensed when incurred or when the first advertising takes place. NICOA does not participate in direct-response advertising, which requires the capitalization and amortization of related costs.

R. Concentrations of Credit Risk

NICOA maintains its cash balances in financial institutions located in Albuquerque, New Mexico. These balances occasionally exceed insured limits of the Federal Deposit Insurance Corporation. NICOA has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk related to the uninsured cash balances.

S. Prior Year Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not in each net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NICOA's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

T. Reclassifications

Certain reclassifications may have been made to the 2015 summarized financial statement information to conform to the current year presentation.

NATIONAL INDIAN COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

Note 2. Cash and Cash Equivalents

At June 30, cash and cash equivalents were the following:

	<u>2016</u>	<u>2015</u>
US Bank:		
Operating	\$ 151,887	166,621
Payroll	8,496	10,121
Petty cash	100	-
	<u>\$ 160,483</u>	<u>176,742</u>

Note 3. Receivables

NICOA uses the allowance method to value estimated uncollectible grants receivable. The estimate is based on historical evidence and other known facts and circumstances. Balance over 90 days old are considered delinquent and are analyzed for collectability.

Receivable as of June 30 are as follows:

	<u>2016</u>	<u>2015</u>
Federal grants	\$ 360,020	358,256
Other	34,400	586
	<u>394,420</u>	<u>358,842</u>
Less: Allowance for doubtful accounts	-	-
	<u>\$ 394,420</u>	<u>358,842</u>

Management considers all receivables fully collectible, and therefore, no allowance has been recorded.

Note 4. Property and Equipment and Depreciation

Property and equipment at June 30 include:

	<u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>2016</u>
Furniture, fixtures, & equipment	\$ 30,959	-	-	30,959
Less: Accumulated depreciation	(30,959)	-	-	(30,959)
Total, net	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

A significant portion of property and equipment has been acquired with grant funds and title may revert to the resource provider if the use assets acquired with grant funds does not conform to grantor requirements. All fixed assets were fully depreciated as of June 30, 2016.

Note 5. Payroll Related Liabilities and Compensated Absences

Payroll related liabilities and compensated absences at June 30 were as follows:

	<u>2016</u>	<u>2015</u>
Accrued payroll	\$ 227,205	218,018
Accrued payroll taxes	51,587	24,079
Compensated absences	23,928	18,679
Other	491	(279)
	<u>\$ 303,211</u>	<u>260,497</u>

NATIONAL INDIAN COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

Note 6. Deferred Revenues

Deferred revenues at June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Conference registration	\$ 68,972	12,330
Other	697	619
	<u>\$ 69,669</u>	<u>12,949</u>

Note 7. Retirement Plan

NICOA's retirement plan consists of SIMPLE IRA accounts. NICOA contributes 2% of employees' earnings once an employee becomes eligible to participate, after 180 days of employment. NICOA's contributions to the retirement plan were as follows:

	<u>2016</u>	<u>2015</u>
Retirement Plan Contributions	\$ 16,582	15,051

Note 8. Commitments and Contingencies

Grant and Indirect Cost Rate Finalization

The grants managed by NICOA are subject to a closing audit process by federal granting agencies subsequent to the end of a grant period. Included in federal and other program grant expenses in the accompanying statement of activities are funds paid to general and administrative costs, and indirect costs charged to each program based on a provisional allocation rate. Final indirect cost rates through 2014 and provisional rates through 2016 have been approved by the U.S. Department of Labor. In 2016, NICOA operated under a provisional rate approved by the U.S. Department of Labor. At this time, no reasonable estimate can be made as to adjustments, if any, in amounts due to or from grantors that may result from the closing process. Actual general and administrative costs reported in the accompanying statements of activities, and for prior years since inception of ongoing grants, exceeded billed costs, and management believes no material reimbursement to granting agencies resulting from the closing audit process will be due. In the opinion of management, adjustments resulting from the audit year 2016 are not expected to have a material effect on the financial position, or changes in net assets for NICOA.

Concentration of Revenue

NICOA receives the majority of its funding from federal grants, which are subject to possible cutbacks due to changes in funding priorities. Should NICOA lose program funding, management believes that NICOA would be able to receive program funding from other resources. NICOA is actively seeking donations from sources other than federal entities. Concentration of revenues is as follows:

<u>Concentrations</u>	<u>2016</u>	<u>2015</u>
Federal grants	\$ 6,205,736	5,856,749
Total revenue	<u>\$ 7,293,092</u>	<u>7,345,867</u>
Concentration percentage	<u>85%</u>	<u>80%</u>

Note 9. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. NICOA recognizes in the financial statements the effects of all subsequent events that provide additional evidence

NATIONAL INDIAN COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016, with Comparative Totals for 2015

about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. NICOA's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. NICOA has evaluated subsequent events through January 19, 2017, which is the date the financial statements were available to be issued.

NATIONAL INDIAN COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal Catalog Domestic Assistance Number</u>	<u>Pass-Through Entity Identifying number</u>	<u>Amount Expended</u>
<u>U.S. Department of Labor</u>			
Senior Community Service Employment Program	17.235*	AD-255311355A35	\$ 5,792,248
<u>U.S. Department of Healthy and Human Services</u>			
Administration for Community Living			
AOA-Health Disparities Among Minority Elders-Tech. Assistance Ctr.	93.048	90HD0012-02-00	255,979
	93.048	90HD0012-01-00	157,509
Total U.S. Department of Health and Human Services			<u>413,488</u>
Total Expenditures of Federal Awards			<u>\$ 6,205,736</u>
<u>Reconciliation to Financial Statements</u>			
Federal award expenditures reported on the SEFA			\$ 6,205,736
Federal revenues per the Statement of Activities			<u>6,205,736</u>
Difference			<u>\$ -</u>

* Denotes major program

Selected Disclosures

- 1) The accompanying schedule of expenditures of federal awards includes the federal grant activity of the NICOA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* .
- 2) NICOA had no subrecipients as of June 30, 2016.
- 3) There were no federal awards expended in the form of non-cash assistance outstanding at year-end.
- 4) NICOA did not use the 10% de minimis indirect cost rate.



**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
National Indian Council on Aging, Inc.

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 the National Indian Council on Aging, Inc. (NICOA)(a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 January 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NICOA's internal control over financial reporting (internal control) to determine the 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 NICOA's internal control. Accordingly, we do not express an opinion on the effectiveness of NICOA's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NICOA's 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 determination of financial statement amounts. However,

January 19, 2017

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
January 19, 2017



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
National Indian Council on Aging, Inc.

Report on Compliance for Each Major Federal Program

We have audited National Indian Council on Aging, Inc. (NICOA)’s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NICOA’s major federal programs for the year ended June 30, 2016. NICOA’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questions costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the NICOA’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the NICOA’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the NICOA’s compliance.

Opinion on Each Major Federal Program

In our opinion, NICOA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the NICOA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the NICOA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the NICOA's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Hinkle + Landers, P.C.
Albuquerque, NM
January 19, 2017

**NATIONAL INDIAN COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued **Unmodified**

Internal control over financial reporting:

- 1. Material weakness(es) identified No
- 2. Significant deficiency(ies) identified No
- 3. Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

- 1. Material weakness(es) identified No
- 2. Significant deficiencies(s) identified No

Type of auditor's report issued on compliance for major program **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17-235	Senior Community Service Employment Program

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk Auditee Yes

**NATIONAL INDIAN COUNCIL ON AGING, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2016**

SECTION II and III—SUMMARY OF FINDINGS

FINANCIAL AND FEDERAL FINDINGS

Finding	Status of Current and Prior Year Findings	Type of Finding
PRIOR YEAR		
None	N/A	N/A
CURRENT YEAR		
None	N/A	N/A

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance with Federal Awards