

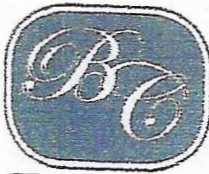
NOME COMMUNITY CENTER, INC.

Financial Statements, Other Information, Supplemental
Information and Compliance Reports

June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
Nome Community Center, Inc.
Nome, Alaska

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Nome Community Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Nome Community Center, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits 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. 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 Nome Community Center, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Nome Community Center, Inc.'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Members of the Board of Directors
Nome Community Center, Inc.

- 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 Nome Community Center, Inc.'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 Nome Community Center, Inc.'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.

Other Matter

Disclaimer of Opinion on Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other information comprises the accompanying schedules of support and expenses – budgets to actual on pages 18-26, which is the responsibility of management, is presented for additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance, as required by the *State of Alaska Single Audit Guide and Compliance Supplement for State Single Audits* 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 schedule of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 17, 2023, on my consideration of Nome Community Center, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nome Community Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nome Community Center, Inc.'s internal control over financial reporting and compliance.

Brad Cage, CPA

Eagle River, Alaska
February 17, 2023

2/24/2023

DS
MT

NOME COMMUNITY CENTER, INC.*Statements of Financial Position**June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,978,372	1,103,616
Contracts receivable	149,076	18,180
Grants receivable	138,242	159,682
Medicaid receivable, net	-	311,686
Other receivable	33,276	25,352
Prepaid expenses	<u>39,777</u>	<u>26,141</u>
Total current assets	<u>2,338,743</u>	<u>1,644,657</u>
Non-current assets		
Property and equipment, net of accumulated depreciation of \$279,079 and \$221,040	<u>242,833</u>	<u>295,573</u>
Total non-current assets	<u>242,833</u>	<u>295,573</u>
Total assets	<u>\$ 2,581,576</u>	<u>1,940,230</u>
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 40,549	23,757
Accrued payroll liabilities	26,884	51,887
Deferred Revenue	202,701	59,394
Tenant deposit liability	8,300	7,300
Accrued leave	<u>41,081</u>	<u>30,061</u>
Total/current liabilities	319,515	172,399
Net assets:		
With donor restrictions	1,076,868	744,362
Without donor restrictions	<u>1,185,193</u>	<u>1,023,469</u>
Total net assets	<u>2,262,061</u>	<u>1,767,831</u>
Total liabilities and net assets	<u>\$ 2,581,576</u>	<u>1,940,230</u>

See accompanying notes to financial statements.

NOME COMMUNITY CENTER, INC.*Statements of Activities**Years Ended June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
Operating revenues, gains and other support without donor restrictions:		
Support and revenue:		
Contributions	\$ 72,353	62,930
Operating grants and contracts	1,178,966	1,206,962
Medicaid	587,820	617,412
Rental revenue	73,711	55,471
Facilities rents - In kind	453,067	543,067
Fundraising	1,260	12,737
Miscellaneous	8,074	10,311
Net assets release from restrictions - Satisfied by payment	320,620	202,939
Total support and revenue	<u>2,695,871</u>	<u>2,711,829</u>
Operating expenses		
Program services:		
Nome Children's Home	597,915	570,477
XYZ Senior Center	506,343	496,211
Boys & girls Club	176,188	208,027
Food bank	104,136	107,419
Family support	207,605	223,597
Housing and homeless prevention	653,094	493,809
Youth services	67,714	57,688
Total Program services	<u>2,312,995</u>	<u>2,157,228</u>
Supporting services:		
Administrative	181,715	169,083
Property rentals	24,857	27,357
Fundraising	14,721	26,263
Total operating expenses	<u>2,534,288</u>	<u>2,379,931</u>
(Decrease) increase in net assets from Operating Activities	<u>161,583</u>	<u>331,898</u>
Non-operating activities:		
Interest income (expense)	141	169
Gain on sale of assets	-	8,500
Increase in net assets from non-operating activities	<u>141</u>	<u>8,669</u>
Change in net assets without donor restrictions	<u>161,724</u>	<u>340,567</u>
Changes in net assets with donor restrictions		
Restricted Contributions	653,126	286,040
Restricted donation of building	-	85,000
Restrictions satisfied by payments/depreciation	<u>(320,620)</u>	<u>(202,939)</u>
Change in net assets with donor restrictions	<u>332,506</u>	<u>168,101</u>
Change in total net assets	<u>494,230</u>	<u>508,668</u>
Net assets, beginning of year	<u>1,767,831</u>	<u>1,259,163</u>
Net assets, end of year	<u>\$ 2,262,061</u>	<u>1,767,831</u>

See accompanying notes to financial statements.

NOME COMMUNITY CENTER, INC.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services							Supporting Services			Total Program and Supporting Services
	Nome <u>Children's Home</u>	XYZ Senior <u>Center</u>	Boys & Girls <u>Club</u>	Food <u>Bank</u>	Family <u>Support</u>	Housing & Homeless <u>Prevention</u>	Youth <u>Programs</u>	General and <u>Administrative</u>	Property <u>Rentals</u>	<u>Fundraising</u>	
OPERATING EXPENSES											
Personnel	\$ 463,792	247,515	72,849	16,876	102,089	317,539	28,405	105,407	-	-	1,354,472
Travel	325	-	680	-	10	15,523	9,716	1,126	-	2,209	29,589
Facilities - In-Kind	32,400	148,576	61,200	64,800	78,192	20,700	12,348	34,851	-	-	453,067
Facilities	31,458	5,849	22,121	10,630	3,551	170,238	2,125	677	24,857	5,418	276,924
Commodities	35,852	59,313	12,032	2,459	5,274	5,679	4,572	1,145	-	317	126,643
Equipment	7,725	12,180	630	-	4,414	7,444	1,674	2,774	-	3,000	39,841
Depreciation	16,329	-	6,153	1,801	-	7,109	-	26,647	-	-	58,039
Other	10,034	32,910	523	7,570	14,075	108,862	8,874	9,088	-	3,777	195,713
Total expenses	597,915	506,343	176,188	104,136	207,605	653,094	67,714	181,715	24,857	14,721	2,534,288

See accompanying notes to financial statements.

NOME COMMUNITY CENTER, INC.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services							Supporting Services			Total Program and Supporting Services
	Nome <u>Children's Home</u>	XYZ Senior <u>Center</u>	Boys & Girls <u>Club</u>	Food <u>Bank</u>	Family <u>Support</u>	Housing and Homeless <u>Prevention</u>	Youth <u>Services</u>	General and <u>Administrative</u>	Property <u>Rentals</u>	<u>Fundraising</u>	
OPERATING EXPENSES											
Personnel	\$ 442,196	235,699	106,232	14,174	86,936	221,150	24,846	76,610	-	-	1,207,843
Travel	660	10	-	-	691	1,608	149	-	-	-	3,118
Facilities - In-Kind	32,400	183,427	61,200	64,800	114,192	20,700	12,348	54,000	-	-	543,067
Facilities	31,544	5,890	9,433	5,568	3,136	126,050	2,534	2,133	23,416	11,701	221,405
Commodities	45,105	29,599	15,832	9,055	5,062	11,682	10,047	-	32	4,844	131,258
Equipment	6,332	10,052	2,756	49	4,835	8,026	862	4,140	-	3,749	40,801
Depreciation	1,361	-	5,642	1,801	-	472	-	26,647	-	-	35,923
Other	10,879	31,534	6,932	11,972	8,745	104,121	6,902	5,553	3,909	5,969	196,516
Total expenses	<u>570,477</u>	<u>496,211</u>	<u>208,027</u>	<u>107,419</u>	<u>223,597</u>	<u>493,809</u>	<u>57,688</u>	<u>169,083</u>	<u>27,357</u>	<u>26,263</u>	<u>2,379,931</u>

See accompanying notes to financial statements.

NOME COMMUNITY CENTER, INC.*Statements of Cash Flows**Years Ended June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 494,230	508,668
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	58,039	35,923
Donation of fixed assets	-	(85,000)
(Increase) decrease in:		
Contracts receivable	(130,896)	404
Grants receivable	21,440	(29,694)
Medicaid receivable	311,686	(107,868)
Other receivable	(7,924)	30,990
Prepaid expenses	(13,636)	15,522
Increase (decrease) in:		
Accounts payable	16,792	(37,259)
Payroll liabilities	(25,003)	8,100
Deferred revenue	143,307	35,288
Tenant deposit liability	1,000	(50)
Accrued vacation	11,020	3,229
<i>Net cash provided by operating activities</i>	<u>880,055</u>	<u>378,253</u>
Cash flows from investing activities - Purchase of fixed assets	<u>(5,299)</u>	<u>(106,873)</u>
<i>Net increase (decrease) in cash</i>	<u>874,756</u>	<u>271,380</u>
Cash at beginning of year	<u>1,103,616</u>	<u>832,236</u>
Cash at end of year	<u>\$ 1,978,372</u>	<u>1,103,616</u>
Cash and cash equivalents is comprised of the following		
Unrestricted	<u>1,978,372</u>	<u>1,103,616</u>
Supplemental data:		
Non-cash in-kind donation	\$ 453,067	543,067
Donation of building	\$ -	85,000

See accompanying notes to financial statements

NOME COMMUNITY CENTER, INC.

Notes to Basic Financial Statements

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Nome Community Center, Inc. (NCC) is incorporated as a nonprofit corporation under Alaska State Law. Its primary objectives are to provide health, educational, and social services to residents of the Bering Straits Region of Alaska. Major sources of revenues for the Organization are various grants, donations and contracts for services. The following are some of the Organization's more significant programs:

Family Support

Family Services, Established 1993

Family Services supports our region's families by providing guidance and support during times of need. Family Services provides education and support to families who are working towards reunification or who are in need of temporary services to strengthen their families.

Alcohol Safety Action Program, Established 2000

The alcohol and drug prevention programs encourage individuals to make healthy choices. This program provides interventions for individuals who are involved with drug and alcohol related offenses.

Nome Food Bank, Established 1988

Nome Food Bank provides nutritional assistance to families and individuals in need. The Nome Food Bank is supported by volunteers who assist with the distribution of commodities and locally donated foods to families in need.

Boys and Girls Club, Established 2001

The Boys and Girls club is an after-school and summer program that provides a safe and nurturing environment for local youth. Through skill building, educational activities, and fostering healthy and positive social connections with their peers, mentors and staff, Boys and Girls Club's mission is to cultivate a sense of citizenship and leadership development.

Youth Programs

Youth Court, Established 2000

The Nome Youth Court incorporates the principles and practices of balanced and restorative justice by providing peer justice to young offenders. It gives first-time juvenile offenders the opportunity to keep their crime off their record.

Camp CRAVE, established in 2008

This annual summer camping event for youth ages 8-14 with programming that includes nutrition education, substance use awareness, cultural values, abuse recognition, suicide prevention awareness and so much more. Collaboration with other agencies in Nome and across the state provide safe, supportive staff, volunteers and leadership or provide an opportunity that children would otherwise not have an opportunity to experience.

NOME COMMUNITY CENTER, INC.

Notes to Basic Financial Statements, continued

Nome Children's Home, Established 2009

The home provides emergency shelter for youth ages 0-18 years, twenty-four hours a day, seven days per week. NCH cultivates a safe and enriching environment, with a goal of minimizing the effects of trauma and supporting the success of families. Keeping residents connected to their tribe and village are an important part of their regime and cultural activities are an important focus.

XYZ Senior Center, Established 1994

XYZ (Xtra Years of Zest) is a gathering place for our community elders where meals, transportation, support services, and social activities are available. Elders participate in a variety of activities including skin sewing, beading, knitting and subsistence activities. Congregate meals provide a social network for the elders to connect with one another. Home delivery of meals provides support to home-bound. Physical activity, nutritional education and vaccine clinics are among the additional services offered.

Housing and Homeless Prevention

Nome Emergency Shelter Team (NEST), Established 2009

NEST began in response to several freezing deaths on the streets of Nome. Creating a shelter was a grassroots effort to prevent exposure related death by providing a warm, safe place to sleep for anyone in need. With no operating funds and donated space in a local church; an entirely volunteer staff, NEST opened its doors on nights when the weather was predicted to reach -10F, or wind chill of -10F; the temperature zone of highest risk of exposure-related death. Funded through State and federal grants, local donations and community support, the shelter located at the Karmun Center of Nazarene Church, now operates for six of the coldest months of the year. Local churches provide hot soups each night to provide a warm meal to our shelter guests. This homeless program is a "wet shelter" for chronically unhoused, many of whom are dependent upon substance use to cope with mental and physical health challenges, repeated trauma and poverty. The shelter serves an average of 40-45 individuals each night with nearly 250 unique individuals among those who use the shelter during the season.

Housing and Homeless Prevention

Permanent Supportive Housing is a proven solution to homelessness for the most vulnerable chronically unhoused community members. It pairs housing with case management and supportive services. Leases are held with local landlords in the community in which we place individuals who have been chronically unhoused. Tenants are visited frequently and provided with support services, practical help and connection to other services in the community. Homeless prevention efforts support families struggling to pay rent and utilities due to crisis, unemployment, or life-altering events to keep individuals and families housed.

Home Plate Nome

HomePlate Nome, LLC is a Housing First project currently under construction and designed to provide a path toward housing permanency for Nome's most vulnerable chronically homeless population. HomePlate is a 15-unit studio apartment building for single occupancy with an off-site property manager's unit. The design includes and onsite medical and mental health clinic with space for individual counseling.

Basis of Accounting and Presentation

The accounting records of NCC are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned. Liabilities and expenses are recorded when

NOME COMMUNITY CENTER, INC.

Notes to Basic Financial Statements, continued

incurred. The financial statements include assets, liabilities, net assets, and financial activities for those programs for which the Organization exercises fiscal and operations control.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset categories follows:

Net assets without donor restrictions represent that portion of net assets that are not restricted by donor-imposed restrictions.

Net assets with donor restrictions represent that portion of net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of NCC pursuant to those stipulations. When the stipulated time restriction ends or action is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, NCC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents

Investments

Nome Community Center follows generally accepted accounting principles and investments in marketable securities with readily determinable fair values are valued at their fair values in the Statement of Financial Position. Unrealized losses or gains are included in the change in net assets in the accompanying Statements of Activities.

Fair Value of Financial Instruments

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available.

The following instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, (3) certain other current assets (4) accounts payable and (5) other current liabilities. The carrying amounts reported in the Statements of Financial Position for the above financial instruments closely approximate their fair value due to short-term nature of these assets and liabilities.

Contracts, Grants and Medicaid Receivable

Accounts receivable consists of amounts due from granting agencies for cost reimbursable grants and Medicaid reimbursements for services provided to NCC clients not received by the year end. There was no allowance considered necessary as of June 30, 2022 or 2021.

Grant and contract receivables from the State and Federal government were all deemed collectible; therefore management has not established an allowance for doubtful accounts for these receivables.

NOME COMMUNITY CENTER, INC.

Notes to Basic Financial Statements, continued

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the year end are recorded as prepaid items.

Property and Equipment

NCC reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these assets must be maintained, NCC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During fiscal year 2021, a building with an estimated fair market value of \$85,000 was donated to NCC to use to service the homeless.

Purchased property and equipment are stated at cost or at their estimated fair value at date of donation. Expenses for maintenance and repairs are charged to expense as incurred, and expenses for major renovations are capitalized. Assets with a cost basis of \$5,000 are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets which vary from 3 to 7 years. Leasehold improvements are depreciated over the life of the lease, typically 5 to 7 years.

Paid Personal Leave

Paid personal leave (PPL) is an all purpose time-off policy for eligible employees to use for vacation, illness or injury, administrative leave and personal business. It separates traditional vacation and sick leave plans into two paid time-off policies. Employees who work more than 30 hours per week are eligible for PPL including full and part time positions. All part time employees accrue leave based on their percentage of employment. A maximum of up to 10 weeks of accrued paid personal leave may be accrued per employee at one time. Sick leave, up to a maximum of 12 weeks, can be carried over from a previous year but is not paid out upon termination of employment. Paid personal leave benefits begin to accrue for eligible employees on their first day of work.

Contributed Services

Donated services are recognized as contributions in accordance with FASB ASC 958, Accounting for Contributions Received and Contributions Made, if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by NCC. In-kind contributions for space, supplies, and professional services are recorded in the statement of activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

Revenue Recognition

Contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOME COMMUNITY CENTER, INC.

Notes to Basic Financial Statements, continued

Revenues from various sources are recognized as follows:

Contributions – Contributions, which include unconditional promises to give (pledges) are recognized as revenues in the period the NCC is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There are no promises to give at June 30, 2022 or 2021.

Government and Other Grants – A portion of NCC's revenues are derived from cost reimbursable grants, which are conditional upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when NCC has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned grant revenue in the Statement of Financial Position. The NCC has been awarded cost-reimbursable grants of approximately \$199,681 and \$57,514 at June 30, 2022 and 2021, respectively, that have not been recognized as revenue because qualifying expenditures have not yet been incurred.

Contract Revenue – Contract revenue is recognized in the period services are performed or deliverable is completed.

Income Taxes

NCC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service code. NCC is exempt from State income taxes under the Alaska Nonprofit Corporation Act. Therefore, the accompanying statements do not reflect a provision for income taxes.

Although NCC is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing U.S. Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Organization's policy is to report interest and penalties associated with income taxes as interest expense and other expense respectively. With few exceptions, the Organization is not subject to audit of its tax returns prior to June 30, 2019.

Use of estimates

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

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Change in Accounting Principle

Accounting Standards Update No. 2014-09 *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) was issued by the Financial Accounting Standards Board (FASB) in May 2014 and is effective for nonpublic entities in calendar years ending in 2020 and beyond.

This update supersedes or replaces nearly all GAAP revenue recognition guidance for reciprocal transactions. These standards establish a new five-step contract and control-based revenue

NOME COMMUNITY CENTER, INC.

Notes to Basic Financial Statements, continued

recognition model, changed the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The enactment of this pronouncement is reflected in the Organization's financial statements for the year ended June 30, 2021. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

These financial statements also reflect the provisions Accounting Standards Update No. 2018-08 *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Made and Contributions Received* (ASU 2018-08), which the FASB enacted in June 2018 in response to concerns and questions relating to the applicability of ASU 2014-09 to nonprofit organizations. This update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or exchange transactions (reciprocal) and (2) determining whether a contribution is conditional. The update will result in more governmental contracts being accounted for as contributions and may delay recognition for certain grants and contributions that no longer meet the definition of unconditional. This pronouncement was effective for calendar years ending in 2019 and beyond. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

NOTE 2 – CASH AND CASH EQUIVALENTS

NCC maintains cash balances at two separate financial institutions. NCC's deposits in excess of \$250,000 per account are not collateralized. Currently, the Organization has no policy that dictates collateralization requirements for accounts in excess of FDIC coverage, requiring them to be collateralized or insured. The bank and book balances at June 30, 2022, were \$2,006,817 and \$1,978,372, respectively. \$278,568 of the bank balance was insured under Federal Depository Insurance, the remaining balance was uninsured.

The bank and book balances at June 30, 2021, were \$1,114,216 and \$1,103,616, respectively. \$278,540 of the bank balance was insured under Federal Depository Insurance, the remaining balance was uninsured.

NOTE 3 – REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in unbilled accounts receivable, unbilled expenditures (contract assets) and customer advances and deferred revenue (contract liabilities). Based on the nature of the contracts and the type of customers, there is minimal uncertainty over collectability.

NCC's contract types include the following:

NCC provides children's services and bills Medicaid and the State of Alaska based on agreed upon agreed upon daily rates. Revenues and receivables are recorded when performance obligations are completed. Performance obligations are considered to be complete each day that the child stays in the children's home/receives services. Billings are typically sent out at the end of each month once the total services provided has been determined. Payments typically come in soon after the bills are sent.

NOME COMMUNITY CENTER, INC.*Notes to Basic Financial Statements, continued*

Total revenue by contract type is as follows:

Revenue by type (point in time):	<u>2022</u>	<u>2021</u>
Included in contract revenue:		
Services rendered	<u>\$ 587,820</u>	<u>617,412</u>
Total revenue from contracts with customers	<u>\$ 587,820</u>	<u>617,412</u>

Any advances received from customers before revenue is recognized is recorded as deferred contract liability. Any allowable costs incurred prior to billing are recorded as unbilled expenditures (contract assets). Receivables are recorded as services are rendered and revenue is recorded. Deferred revenue is relieved upon either the incurrence of allowable expenditures or the completion of all contract deliverables.

The beginning and ending receivable balances related to contracts are as follows:

Receivables related to contracts:	<u>2022</u>	<u>2021</u>	<u>2020</u>
Services rendered	<u>\$ 149,076</u>	<u>329,866</u>	<u>222,402</u>
Total receivables related to contracts	<u>\$ 149,076</u>	<u>329,866</u>	<u>222,402</u>

There were no contract assets or contract liabilities at June 30, 2022 and 2021.

NOTE 4 – EQUIPMENT

Property and equipment consists of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 35,456	35,456
Buildings	85,000	85,000
Improvements	132,818	127,519
Vehicles	<u>268,638</u>	<u>268,638</u>
	521,912	516,613
Less accumulated depreciation	<u>(279,079)</u>	<u>(221,040)</u>
Total	<u>\$ 242,833</u>	<u>295,573</u>

Depreciation expense for June 30, 2022 and 2021 was \$58,039 and \$35,923, respectively. The building donated in the fiscal year 2021, with a value of \$85,000 is restricted to service the homeless. There was \$5,667 and \$472 of depreciation on this asset during the fiscal years 2022 and 2021, respectively, released to net assets without donor restrictions.

NOTE 5 – DONATED FACILITIES AND SERVICES

NCC receives contributed donated space from United Methodist Women for the Young building which houses the Boys and Girls Club and the Children's home. They also provide the building that

NOME COMMUNITY CENTER, INC.*Notes to Basic Financial Statements, continued*

houses the food bank. The City of Nome contributes the building which houses the administrative staff and the senior center. The two, income producing properties are also owned by United Methodist Women. NCC is a mission institution of the United Methodist Women. A total of \$453,067 and \$543,067 was recognized as in-kind revenue and expenses during the years ended June 30, 2022 and 2021, respectively relating to these facilities.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

NCC receives donations with use restrictions that it classifies as net assets with donor restrictions until spent on the designated use. At year end, net assets with donor restrictions are available for the purpose of operations of the Boys and Girls Club in Nome, Alaska, the Food Bank, a Youth Summer Camp, Nome Emergency Shelter Team (NEST) and the XYZ Center and the homeless. The net assets related to the homeless is a building donated during fiscal year 2021, that is to be used for the homeless population in Nome as well as donations made for the construction of a new building for the homeless that is to be constructed in fiscal year ended June 30, 2023. The other restricted net assets are cash donated by individuals and other entities to be used for the various programs. The net assets with donor restrictions for the years ended June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Restricted for Boys and Girls Club	\$ 123,558	134,061
Restricted for the Food Bank	35,265	26,023
Restricted for Youth Summer Camp	15,472	10,814
Restricted for NEST	525,603	468,372
Restricted for XYZ Center	27,040	20,564
Restricted for Breakfast Meal Program	1,286	-
Restricted for Homeplate - Homeless Building	269,783	-
Restricted for Homeless - Building	<u>78,861</u>	<u>84,528</u>
	<u>\$ 1,076,868</u>	<u>744,362</u>

NOTE 7 – CONCENTRATIONS

NCC received approximately 53% and 56% of its total support and revenue, not including in-kind revenues, from operating activities in federal, State of Alaska and other operating grants and contracts for the years ended June 30, 2022 and 2021, respectively. A significant reduction in the level of these sources of support and revenue, if this were to occur, may have an adverse effect on the Organization's programs and activities.

NOTE 8 – CONTINGENCIES

Amounts received or receivable from the State of Alaska or federal sources are subject to audit and adjustment. Any disallowed claims, including amounts already collected, would become a liability of the NCC.

In December, 2019, a novel strain of coronavirus was reported to have surfaced in China. In March 2020, the WHO classified Covid-19 as a pandemic. The virus spread globally and a public health disaster was declared both locally and nationally. A number of public health measures were

NOME COMMUNITY CENTER, INC.*Notes to Basic Financial Statements, continued*

implemented at the municipal, state and federal levels which have impacted the local, state and national economies.

As of June 30, 2022, the global pandemic is ongoing. Management is actively monitoring the situation and assessing its effect on the Organization's financial condition, operations and workforce. At this time, management is unable to estimate the effects of the global pandemic on the results of operations, financial condition or cash flows.

NOTE 9 – RETIREMENT PLAN

Nome Community Center participates in a simple IRA plan for employees. NCC contributes up to 2% of an employee's wages to each participating employee's account. The Organization contributed a total of \$13,396 and \$4,236 to employee accounts in 2022 and 2021, respectively.

NOTE 10 – EXPENSES BY NATURE AND FUNCTION

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities and utilities that are allocated based on square footage of each property as well as compensation and benefits which are allocated on the basis of time and effort. These expenses are reported on the Statements of Functional Expenses in the financial statements.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects NCC's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,978,372	1,103,616
Accounts receivable, net	320,594	514,900
	<u>2,298,966</u>	<u>1,618,516</u>
Less those unavailable for general expenditures within one-year, due to:		
Cash designated for programs	998,007	659,834
	<u>998,007</u>	<u>659,834</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,300,959</u>	<u>958,682</u>

Nome Community Center is substantially supported by unrestricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Nome Community Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of Nome Community Center's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

NOME COMMUNITY CENTER, INC.

Notes to Basic Financial Statements, continued

NOTE 12 – SUBSEQUENT EVENTS

Subsequent event procedures have been performed as of February 17, 2023. There were no subsequent events noted that management considers necessary for disclosure. This is also the date the financials were available to be issued.

OTHER INFORMATION
(Unaudited)

NOME COMMUNITY CENTER, INC.

Residential Care for Children and Youth 602-230-22005
 Schedule of Support and Expenses - Budget and Actual (Unaudited)
 Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues - state sources	\$ 127,750	126,014	(1,736)
Expenses:			
Personnel	51,475	56,399	(4,924)
Travel	5,620	325	5,295
Facility	31,458	31,458	-
Supplies	22,167	20,072	2,095
Equipment	7,000	7,725	(725)
Other	10,030	10,035	(5)
Total expenses	<u>127,750</u>	<u>126,014</u>	<u>1,736</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>

NOME COMMUNITY CENTER, INC.

Youth Courts/Community Panels 609-239-22006
 Schedule of Support and Expenses - Budget and Actual
 (Unaudited)

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues - state sources	\$ <u>32,800</u>	<u>31,538</u>	<u>(1,262)</u>
Expenses:			
Personnel	20,342	19,092	1,250
Travel	3,435	4,044	(609)
Facility	2,100	1,567	533
Supplies	1,900	1,614	286
Equipment	1,500	1,347	153
Other	<u>3,523</u>	<u>3,874</u>	<u>(351)</u>
Total expenses	<u>32,800</u>	<u>31,538</u>	<u>1,262</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>

NOME COMMUNITY CENTER, INC.

Nutrition, Transportation and Support Services 607-309-21015
 Schedule of Support and Expenses - Budget and Actual
 (Unaudited)

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal sources passed through State of Alaska	\$ 178,081	172,186	(5,895)
State of Alaska - DHHS	<u>59,214</u>	<u>49,011</u>	<u>(10,203)</u>
	<u>237,295</u>	<u>221,197</u>	<u>(16,098)</u>
Expenses:			
Personnel	136,372	141,717	(5,345)
Facility	2,573	2,084	489
Supplies	57,554	48,827	8,727
Equipment	14,643	8,976	5,667
Other	<u>26,153</u>	<u>19,593</u>	<u>6,560</u>
Total expenses	<u>237,295</u>	<u>221,197</u>	<u>16,098</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>

NOME COMMUNITY CENTER, INC.

Community Initiative Matching Grants 605-230-22002
 Schedule of Support and Expenses - Budget and Actual
 (Unaudited)

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues - state sources	\$ <u>50,000</u>	<u>49,802</u>	<u>(198)</u>
Expenses:			
Personnel	<u>50,000</u>	<u>49,802</u>	<u>198</u>
Total expenses	<u>50,000</u>	<u>49,802</u>	<u>198</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

NOME COMMUNITY CENTER, INC.

Community Initiative Matching Grants 605-230-22005
 Schedule of Support and Expenses - Budget and Actual
 (Unaudited)

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues - state sources	<u>\$ 27,000</u>	<u>26,503</u>	<u>(497)</u>
Expenses:			
Personnel	10,266	11,199	(933)
Facility	4,834	5,453	(619)
Supplies	3,000	2,281	719
Other	<u>8,900</u>	<u>7,570</u>	<u>1,330</u>
Total expenses	<u>27,000</u>	<u>26,503</u>	<u>497</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>

NOME COMMUNITY CENTER, INC.

Alcohol Safety Action Program 602-201-22008
 Schedule of Support and Expenses - Budget and Actual
 (Unaudited)

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues - state sources	\$ <u>60,000</u>	<u>56,470</u>	<u>(3,530)</u>
Expenses:			
Personnel	43,158	45,355	(2,197)
Travel	2,820	-	2,820
Facility	4,194	2,322	1,872
Supplies	3,000	1,467	1,533
Equipment	2,650	2,522	128
Other	4,178	4,804	(626)
Total expenses	<u>60,000</u>	<u>56,470</u>	<u>3,530</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

NOME COMMUNITY CENTER, INC.

Adult Day Services

607-298-22006

Schedule of Support and Expenses - Budget and Actual
(Unaudited)*Year Ended June 30, 2022*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues - state sources	<u>\$ 107,493</u>	<u>106,772</u>	<u>(721)</u>
Expenses:			
Personnel	90,174	89,701	473
Facility	2,291	2,362	(71)
Supplies	2,950	2,812	138
Equipment	4,684	4,362	322
Other	<u>7,394</u>	<u>7,535</u>	<u>(141)</u>
Total expenses	<u>107,493</u>	<u>106,772</u>	<u>721</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>

NOME COMMUNITY CENTER, INC.

Health Promotion and Disease Prevention

607-305-21004

Schedule of Support and Expenses - Budget and Actual
(Unaudited)*Year Ended June 30, 2022*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal sources passed through State of Alaska	\$ 19,180	19,180	-
State of Alaska - DHHS	<u>3,882</u>	<u>3,842</u>	<u>(40)</u>
	<u>23,062</u>	<u>23,022</u>	<u>(40)</u>
Expenses:			
Personnel	18,710	18,957	(247)
Facility	436	335	101
Supplies	906	763	143
Equipment	1,925	1,750	175
Other	<u>1,085</u>	<u>1,217</u>	<u>(132)</u>
Total expenses	<u>23,062</u>	<u>23,022</u>	<u>40</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>

NOME COMMUNITY CENTER, INC.

Circles of Support

603-262-22005

Schedule of Support and Expenses - Budget and Actual
(Unaudited)*Year Ended June 30, 2022*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal sources passed through State of Alaska	\$ 50,339	50,199	(140)
State of Alaska - DHHS	-	-	-
	<u>50,339</u>	<u>50,199</u>	<u>(140)</u>
Expenses:			
Personnel	42,360	42,311	49
Travel	-	-	-
Facility	1,229	1,229	-
Supplies	892	811	81
Equipment	1,719	1,523	196
Other	<u>4,139</u>	<u>4,325</u>	<u>(186)</u>
Total expenses	<u>50,339</u>	<u>50,199</u>	<u>140</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>

SUPPLEMENTAL INFORMATION

NOME COMMUNITY CENTER, INC.*Schedule of State Financial Assistance**Year Ended June 30, 2022*

<u>State Grant Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>Passed Through to Subrecipients</u>	<u>State Expenditures</u>
Department of Health and Human Services: State portion of Grants				
Residential Care for Children and Youth	602-230-21005	\$ 127,750	-	126,014
Youth Courts/Community Panels	609-239-21006	32,800	-	31,538
Nutrition, Transportation and Support Services -State Portion	607-309-21015	59,214	-	49,011
Community Initiative Matching Grants	605-230-21002	50,000	-	49,802
Community Initiative Matching Grants	605-230-21005	27,000	-	26,503
Adult Day Services	607-298-21006	107,493	-	106,772
Health Promotion and Disease Prevention - State Portion	607-305-21004	3,882	-	3,842
Alcohol Safety Action Program	602-201-21008	60,000	-	56,470
Total Department of Health and Human Services		<u>468,139</u>	<u>-</u>	<u>449,952</u>
Alaska Housing Finance Corporation:				
Basic Homeless Assistance Program	HAP-22-NCC-1	122,433	-	121,934
COC GMC	GMC-20-NCC-1	13,030	-	11,224
Special Needs Housing Grant*	SNG-19-NCC-1	<u>600,000</u>	<u>-</u>	<u>212,245</u>
Total Alaska Housing Finance Corporation		<u>735,463</u>	<u>-</u>	<u>345,403</u>
Total State Financial Assistance		<u>\$ 1,203,602</u>	<u>-</u>	<u>795,355</u>

NOTE 1: MAJOR PROGRAM NOTATION

* Denotes a major program.

NOTE 2: BASIS OF PRESENTATION

The accompanying schedule of state financial assistance (the Schedule) includes the state award activity of Nome Community Center, Inc. under programs of the State of Alaska for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Nome Community Center, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Nome Community Center, Inc.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 4: AWARDS TO SUBRECIPIENTS

There were no awards to subrecipients during the year.

STATE OF ALASKA COMPLIANCE REPORTS



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Directors
 Nome Community Center, Inc.

I 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 Nome Community Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Nome Community Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nome Community Center, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Nome Community Center, Inc.'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the Board of Directors
Nome Community Center, Inc.

Report on Compliance and Other Matters

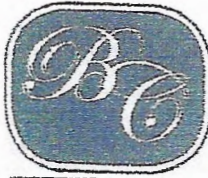
As part of obtaining reasonable assurance about whether the Nome Community Center, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Brad Cagley, CPA". The signature is written in a cursive, flowing style.

Eagle River, Alaska
February 17, 2023



Brad Cage, CPA
18040 Hillcrest Drive • Eagle River, AK 99577
Phone (907) 444-6465

Independent Auditor's Report on Compliance for Each Major Program And on Internal Control over Compliance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits

Members of the Board of Directors
Nome Community Center, Inc.

Ladies and Gentlemen:

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

I have audited Nome Community Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide and Compliance Supplements* that could have a direct and material effect on each of Nome Community Center, Inc.'s major state programs for the year ended June 30, 2022. Nome Community Center, Inc.'s major state programs are identified on the Schedule of State Financial Assistance.

In my opinion, Nome Community Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

I conducted my 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 in the State of Alaska Audit Guide. My responsibilities under those standards and the State of Alaska Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Nome Community Center, Inc. and to meet my other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. My audit does not provide a legal determination of Nome Community Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Nome Community Center, Inc.'s state programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nome Community Center, Inc.'s compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Alaska Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Nome Community Center, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Alaska Audit Guide, I:

Board of Directors
Nome Community Center, Inc.

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Nome Community Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Nome Community Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Nome Community Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the State of Alaska Audit Guide. Accordingly, this report is not suitable for any other purpose.



Eagle River, Alaska
February 17, 2023

NOME COMMUNITY CENTER, INC.*State Schedule of Findings and Questioned Costs**Year Ended June 30, 2022***FINANCIAL STATEMENTS**

Type of auditor's report issued:

Unmodified

Material weakness in internal control over financial reporting identified?

☐ Yes ☒ No

Significant deficiency not considered a material weakness identified?

☐ Yes ☒ No

None reported

Noncompliance material to the financial statements identified?

☐ Yes ☒ No**STATE FINANCIAL ASSISTANCE**

Type of auditor report issued on compliance over major programs:

Unmodified

Material weakness in internal control over major programs identified?

☐ Yes ☒ No

Significant deficiency not considered a material weakness identified?

☐ Yes ☒ No

None reported.

Dollar threshold used to distinguish a state major programs:

\$750,000

Auditee qualified as a low-risk auditee?

Yes

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

No matters to report.

FINDINGS RELATED TO THE STATE OF ALASKA AWARDS

No matters to report.

SUMMARY SCHEDULE OF STATE OF ALASKA PRIOR AUDIT FINDINGS

No matters to report

DocuSigned by:

Margaret Thomas

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Margaret Thomas

President, Board of Directors

Nome Community Center

2/24/2023

2/24/2023