

MIGIZI Communications, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018



WIPFLI

Independent Auditor's Report

Board of Directors
MIGIZI Communications, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of MIGIZI Communications, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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; 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 an opinion on these financial statements based on our audits. We conducted our 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MIGIZI Communications, Inc. as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements MIGIZI Communications, Inc. adopted the following Accounting Standards Updates (ASU) as of and for the year ended December 31, 2019: ASU No. 2016-09, *Revenue from Contracts with Customers* (Topic 606); ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*; and ASU Np. 2016-18, *Restricted Cash*. Our opinion is not modified with respect to these matters.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and the notes to the schedule of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (the "Uniform Guidance") 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, on our consideration of MIGIZI Communications, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MIGIZI Communications, 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 MIGIZI Communications, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

June 17, 2020
Minneapolis, Minnesota

MIGIZI Communications, Inc.

Statements of Financial Position

December 31, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 944,879	\$ 1,440,675
Certificates of deposit	77,785	76,477
Accounts receivable	492	9,602
Pledges receivable	2,819	4,997
Grants receivable	277,965	198,893
Prepaid expenses	59,803	47,396
Restricted cash	-	64,476
Total current assets	1,363,743	1,842,516
Other assets	44,810	41,953
Property and equipment - Net	1,565,826	852,948
TOTAL ASSETS	\$ 2,974,379	\$ 2,737,417
Liabilities and Net Assets	2019	2018
Current liabilities:		
Current maturities of long-term debt	\$ 24,706	\$ 7,278
Accounts payable	19,927	11,277
Accrued payroll	26,046	2,577
Accrued interest	4,260	4,641
Fiscal agent funds held for others	-	316
Funds held for individual development accounts (IDA)	-	64,476
Total current liabilities	74,939	90,565
Long-term debt, net of current maturities	628,128	652,722
Total liabilities	703,067	743,287
Net assets:		
Without donor restrictions	1,818,312	1,034,068
With donor restrictions	453,000	960,062
Total net assets	2,271,312	1,994,130
TOTAL LIABILITIES AND NET ASSETS	\$ 2,974,379	\$ 2,737,417

See accompanying notes to financial statements.

MIGIZI Communications, Inc.

Statements of Activities

Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 21,336	\$ 373,000	\$ 394,336	\$ 39,366	\$ 1,049,550	\$ 1,088,916
Government grants	997,403	-	997,403	619,779	-	619,779
Program service fees	77,333	-	77,333	140,226	-	140,226
Investment income	16,472	-	16,472	5,870	-	5,870
Other income	12,314	-	12,314	11,341	-	11,341
(Loss) on disposal of property and equipment	(4,566)	-	(4,566)	-	-	-
Net assets released from restrictions to satisfy purpose restrictions	880,062	(880,062)	-	533,134	(533,134)	-
Total support and revenue	2,000,354	(507,062)	1,493,292	1,349,716	516,416	1,866,132
Expenses:						
Program services	1,084,926	-	1,084,926	1,069,279	-	1,069,279
Management and general	115,035	-	115,035	110,575	-	110,575
Fundraising	16,149	-	16,149	12,458	-	12,458
Total expenses	1,216,110	-	1,216,110	1,192,312	-	1,192,312
Change in net assets	784,244	(507,062)	277,182	157,404	516,416	673,820
Net assets at beginning	1,034,068	960,062	1,994,130	876,664	443,646	1,320,310
Net assets at end	\$ 1,818,312	\$ 453,000	\$ 2,271,312	\$ 1,034,068	\$ 960,062	\$ 1,994,130

See accompanying notes to financial statements.

MIGIZI Communications, Inc.
Statements of Functional Expenses

Years Ended December 31, 2019 and 2018

	Program Services						Support Services			2019 Total
	Native Academy	Native Youth Future	Education Equity Collaborative	First Person Productions	Green Jobs Pathway	Total Program Services	Management & General	Fundraising	Total Support Services	
Salaries	\$ 75,583	\$ 82,877	\$ -	\$ 313,678	\$ 40,263	\$ 512,401	\$ 15,312	\$ 10,330	\$ 25,642	\$ 538,043
Payroll taxes	6,978	8,162	24	31,342	3,868	50,374	1,715	1,006	2,721	53,095
Employee benefits	10,431	14,125	45	49,404	6,086	80,091	9,274	1,354	10,628	90,719
Total personnel costs	92,992	105,164	69	394,424	50,217	642,866	26,301	12,690	38,991	681,857
Travel and training	3,528	66	-	38,947	1,098	43,639	6,663	19	6,682	50,321
Contract services	4,160	6,336	-	46,288	9,031	65,815	61,361	2,725	64,086	129,901
Supplies	-	-	-	13,776	11,004	24,780	-	-	-	24,780
Office costs	1,991	25	-	13,846	209	16,071	2,020	-	2,020	18,091
Maintenance	-	-	-	-	-	-	-	-	-	-
Occupancy	-	2,767	-	58,864	8,276	69,907	4,536	-	4,536	74,443
Interest	10,848	-	1,356	10,848	3,427	26,479	-	-	-	26,479
Student activities	9,651	59,979	-	92,138	7,509	169,277	22	-	22	169,299
Miscellaneous	1,782	-	-	2,782	-	4,564	7,297	715	8,012	12,576
Depreciation	8,765	-	1,418	11,345	-	21,528	6,835	-	6,835	28,363
Total expenses	\$ 133,717	\$ 174,337	\$ 2,843	\$ 683,258	\$ 90,771	\$ 1,084,926	\$ 115,035	\$ 16,149	\$ 131,184	\$ 1,216,110

See accompanying notes to financial statements.

MIGIZI Communications, Inc.
Statements of Functional Expenses

Years Ended December 31, 2019 and 2018

	Program Services						Support Services			2018 Total
	Native Academy	Native Youth Future	Education Equity Collaborative	First Person Productions	Green Jobs Pathway	Total Program Services	Management & General	Fundraising	Total Support Services	
Salaries	\$ 58,130	\$ 151,687	\$ 18,277	\$ 118,067	\$ 184,882	\$ 531,043	\$ 33,441	\$ 7,525	\$ 40,966	\$ 572,009
Payroll taxes	4,782	12,465	1,508	9,349	15,155	43,259	4,437	619	5,056	48,315
Employee benefits	8,993	23,308	2,803	18,142	27,651	80,897	6,620	1,166	7,786	88,683
Total personnel costs	71,905	187,460	22,588	145,558	227,688	655,199	44,498	9,310	53,808	709,007
Travel and training	6,761	8,157	43	8,711	6,199	29,871	1,805	108	1,913	31,784
Contract services	25,078	4,222	26,702	85,429	8,046	149,477	38,615	-	38,615	188,092
Supplies	1,487	3,111	-	6,627	13,191	24,416	1,163	-	1,163	25,579
Office costs	363	3,812	185	834	8,711	13,905	225	-	225	14,130
Maintenance	-	-	-	2,790	-	2,790	161	-	161	2,951
Occupancy	702	13,648	906	21,337	40,530	77,123	3,648	3,040	6,688	83,811
Interest	-	-	-	-	-	-	15,278	-	15,278	15,278
Student activities	9,164	56,599	-	33,032	11,058	109,853	-	-	-	109,853
Miscellaneous	1,819	-	-	258	826	2,903	4,522	-	4,522	7,425
Depreciation	1,761	-	220	1,761	-	3,742	660	-	660	4,402
Total expenses	\$ 119,040	\$ 277,009	\$ 50,644	\$ 306,337	\$ 316,249	\$ 1,069,279	\$ 110,575	\$ 12,458	\$ 123,033	\$ 1,192,312

See accompanying notes to financial statements.

MIGIZI Communications, Inc.

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Increase (decrease) in cash, cash equivalents and restricted cash:		
Cash flows from operating activities:		
Change in net assets	\$ 277,182	\$ 673,820
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	28,363	4,402
Loss on disposal of property and equipment	4,566	-
Changes in operating assets and liabilities:		
Accounts receivable	11,288	(3,168)
Grants receivable	(79,072)	(105,357)
Prepaid expenses	(12,407)	12,607
Accounts payable	8,650	(23,301)
Accrued liabilities	23,088	2,769
Fiscal agent funds held for others	(316)	(419)
Funds held for individual development accounts (IDA)	(64,476)	(14,318)
Net cash provided by operating activities	196,866	547,035
Cash flows from investing activities:		
Purchases of property and equipment	(745,807)	(848,004)
Purchases of certificates of deposit	(1,308)	(229)
Purchase of cash surrender value of life insurance policy	(2,857)	(275)
Net cash used in investing activities	(749,972)	(848,508)
Cash flows from financing activities:		
Issuance of notes payable	-	660,000
Payments of notes payable	(7,166)	-
Net cash (used in) provided by financing activities	(7,166)	660,000
Net (decrease) increase in cash, cash equivalents and restricted cash	(560,272)	358,527
Cash, cash equivalents and restricted cash at beginning of year	1,505,151	1,146,624
Cash, cash equivalents and restricted cash at end of year	\$ 944,879	\$ 1,505,151
Schedule of other cash activity:		
Accounts payable for property and equipment	\$ -	\$ 8,457
Cash paid for interest	26,860	10,637
Cash, cash equivalents and restricted cash as of December 31, 2019 and 2018 consist of the following:		
Cash and cash equivalents	\$ 944,879	\$ 1,440,675
Restricted cash	-	64,476
Total cash, cash equivalents and restricted cash	\$ 944,879	\$ 1,505,151

See accompanying notes to financial statements.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The principal purpose of MIGIZI Communications, Inc. (the "Organization" or "MIGIZI") is to engage in the planning, development, implementation, and evaluation of programs in the fields of communications and educational/literacy activities. This enhances the capacity of the American Indian community to meet the needs of its people. MIGIZI sponsors initiatives or programs as follows:

Native Academy - This program prepares Native middle and secondary students for high school graduation and post-secondary education through academic support in rigorous STEM (science, technology, engineering and mathematics) subject areas. The program works in close partnership with the Minneapolis Public Schools and provides summer, in-school, and after-school components.

Native Youth Future - This program prepares youth to become financially independent. Eligible youth will save part of their earned income for post-secondary education. MIGIZI will match those savings 8:1 to multiply funds available for education.

Education Equity Collaborative - This program works with emerging leaders from American Indian and other cultural communities in the Twin Cities. The goal of the program is to provide individual and cultural group leadership development, and community organizing and mobilization around issues of teaching and learning.

First Person Productions - This is a trademark of MIGIZI that encompasses the production and distribution of Indian content via print, broadcast, and internet mediums. National Native Information Center (NNIC) was the first enterprise developed by MIGIZI under this trademark. Also included is the activity for Native Youth Futures - *financially independent*, which is a teen asset building project that is designed to present permanent and sustainable solutions to intergenerational poverty and lack of economic opportunities. The Organization will recruit 150 low-income American Indian youth from across Minneapolis, ages 14-21, and will provide them with the asset-generating opportunities and support needed to prepare them to become financially-independent adults.

Green Jobs Pathway - This project provides Indian youth with the education, skills, and support necessary to prepare them for further training for jobs in Minnesota's growing green economy. This project targets high school students who are at risk of dropping out, youth who dropped out of high school prior to graduation, and older adults that possess a high school diploma or GED, but are not yet enrolled in post-secondary education or employed in career track jobs.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where a donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest.

Accounts Receivable

Accounts receivable consists primarily of amounts billed to customers. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history, third party contracts, customer attributes, and other circumstances. The Organization considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded. If an account becomes uncollectible, it will be written off at that time.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

All acquisitions and improvements of property and equipment of \$5,000 or more are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets.

The Organization reports gifts of property and equipment as gifts without donor restrictions 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 and other assets 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, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Recognition

Contribution revenue - Contributions are recognized as revenue when cash, securities, or other assets; unconditional promises to give; or a notification of a beneficial interest is received. 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 met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09, applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the years ending December 31, 2019 and 2018:

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Program service fees - The Organization provides Indian Education sessions to Minneapolis Public Schools throughout the entire school year. Customers sign a service contract and payments are typically made in two equal installments, one during the first half of the school year and one in second half. The performance obligation is providing customers with the agreed upon Indian Education sessions throughout the school year covered by the service contract. Revenues are recognized over time as the services are provided to the customers, which is over the duration of the school year. The Organization also enters into smaller miscellaneous service contracts for a variety of services. Customers sign a service contract and timing of payments vary from contract to contract. The performance obligation is providing customers with the agreed upon services for the period covered by the service contract. Revenues are recognized over time as the services are provided to the customers, which is over the duration of the service contract.

Other income - The Organization recognizes other income for miscellaneous rebates, sales, and other items on a non-routine basis. Revenue is recognized as payments are received.

Grant Revenue

Grants are recorded as contributions or exchange transactions based on criteria contained in the grant award.

- Grant Awards that are Contributions - Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.
- Grant Awards that are Exchange Transactions - Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is classified as public charity. The Organization is also exempt from state income tax.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, where feasible, are recorded on a direct allocation basis. Expenses that are not able to be assigned directly to a program and function are allocated among the program and supporting service categories based on the estimated time expended by providers of professional and administrative services in those categories, or in the case of occupancy cost, the amount of space occupied by each function.

Change in Accounting Policy

On June 21, 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as an exchange (reciprocal) transactions subject to Accounting Standards Codifications 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an Organization to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organization has applied the amendments in this ASU on a modified prospective basis. There was no change to opening balances of net assets or to the change in net assets as a result of implementing this ASU.

During 2016, the FASB issued ASU 2016-18 *Restricted Cash*, to provide guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The accounting guidance is effective for fiscal years beginning after December 15, 2018. The guidance is to be applied using a retrospective transition method to each period presented. The new accounting guidance improves the information provided in the financial statements and related disclosures for the primary users of the financial statements. There was no change to opening balances of net assets or to the change in net assets as a result of implementing this ASU. As of January 1, 2018, restricted cash of \$78,794 was added to the statements of cash flows as a result of implementing this ASU.

In May 2014, the FASB issued ASU 2014-09 *Revenue From Contracts with Customers* (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an Organization to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2019 and applied Topic 606 on a modified retrospective basis and elected the practical expedient provided in Topic 606, under which an entity need not restate contracts that begin and are completed within the same annual reporting period. There was no change to opening balances of net assets or to the change in net assets as a result of implementing this ASU.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the effects of this ASU on its financial statements.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 17, 2020, which is the date the financial statements were available to be issued.

Reclassification

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 classifications. There was no change in net assets as a result of these reclassifications.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources

The following table reflects the Organization's financial assets as of December 31, 2019, and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of contractual or other restrictions. Amounts not available also include net assets with donor restrictions, funds held for other organizations, funds held for individual development accounts, and contributions receivable in greater than one year, less the valuation allowance.

	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 944,879	\$ 1,440,675
Certificates of deposit	77,785	76,477
Restricted cash	-	64,476
Accounts receivable	492	9,602
Pledges receivable	2,819	4,997
Grants receivable	277,965	198,893
Total financial assets	1,303,940	1,795,120
Less amounts not available to be used within one year:		
Funds held for individual development accounts	-	(64,676)
Assets held for the benefit of others	-	(316)
Net assets with donor restrictions - subject to expenditure for specific purpose	(68,000)	(715,062)
Totals	\$ 1,235,940	\$ 1,015,066

The Organization does not have a formal liquidity policy but generally maintains liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit.

Note 3: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each institution. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 4: Restricted Cash

The Organization funds Individual Development Accounts (IDA) for students with grants provided by the United States Department of Health and Human Services and matching funds from private sources. Each student who saves up to \$250 earned from part-time employment or internships in an IDA account will receive up to \$2,000 to be used for higher education expenses. The funds are transferred to an account in the student's name when the expenses are incurred. The Organization has \$- and \$64,476 of restricted cash and a corresponding liability in the statements of financial position at December 31, 2019 and 2018, respectively.

Note 5: Other Assets

Other assets consists of the cash surrender value of a life insurance policy that the Organization owns and is the designated beneficiary. The balance in other assets was \$44,810 and \$41,953 as of December 31, 2019 and 2018, respectively.

Note 6: Property and Equipment

A summary of property and equipment is as follows as of December 31, 2019 and 2018:

	2019	2018
Buildings and improvements	\$ 1,552,285	\$ 877,714
Furniture and equipment	52,702	100,283
Computer equipment	-	16,529
Subtotal	1,604,987	994,526
Less - Accumulated depreciation	(39,161)	(141,578)
Totals	\$ 1,565,826	\$ 852,948

Note 7: Fiscal Agent Funds Held for Others

The Organization is a fiscal agent to manage grants and other activities on behalf of other organizations. The net revenue and expenses are recorded as a liability on the Organization's financial statements. The balance in fiscal agent funds held for others was \$- and \$316 as of December 31, 2019 and 2018, respectively.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 8: Long-Term Liabilities

The Organization had the following notes payable as of December 31, 2019 and 2018:

	2019	2018
Note payable at 4.5% interest, with 12 monthly payments of interest beginning July 8, 2018, then 59 payments of principal and interest of \$2,927 beginning July 8, 2019, and a single final payment of the entire unpaid principal and interest balance due on June 8, 2024. The note is secured by a mortgage on real property acquired with the proceeds of the note.	\$ 452,834	\$ 460,000
Unsecured note payable at 3% interest, with a principal only annual payment of \$6,000 due on June 22, 2019, and annual payments of \$10,000 plus interest through June 22, 2022, with a final payment of \$170,000 plus interest due on June 22, 2023.	200,000	200,000
Long-term debt	652,834	660,000
Less: Current maturities	(24,706)	(7,278)
Total long-term portion	\$ 628,128	\$ 652,722

Interest expense during the years ended December 31, 2019 and 2018 was \$26,479 and \$15,278, respectively.

Future scheduled maturities beyond December 31, 2019 are as follows:

2020	\$	24,706
2021		25,748
2022		26,471
2023		187,228
2024		388,681
Totals	\$	652,834

Note 9: Operating Leases

The Organization conducted a portion of its operations in a leased facility under a noncancelable operating lease through June 2019. The Organization was required to pay all operating expenses, maintenance costs, repairs, and insurance on the leased facilities. The Organization also leases a copy machine under a noncancelable operating lease.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 9: Operating Leases (Continued)

Future minimum payments, by year and in the aggregate, under the noncancelable operating lease with initial or remaining terms in excess of one year consist of the following as of December 31, 2019:

2020	\$	8,232
2021		6,174
<hr/>		
Total	\$	14,406

Rent expense for the years ended December 31, 2019 and 2018, was \$39,711 and \$66,347, respectively.

Note 10: Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes or passage of time for the years ended December 31, 2019 and 2018:

	2019		2018
<hr/>			
Subject for expenditure for specific purpose:			
Capital campaign	\$	-	\$ 630,000
Indigenous Pathways to Economic Self-Sufficiency		18,000	-
Sacred Visions		-	5,900
IDA Funds matching		-	2,602
Scholarships		-	4,683
Green Jobs		30,000	5,000
First Person Productions		20,000	39,550
Ohiyesa		-	20,000
Northwest Area Foundation SIF program match		-	7,327
Subject to passage of time - Gifts from donors for programs in the following			
year		385,000	245,000
<hr/>			
Total	\$	453,000	\$ 960,062

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 10: Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions:		
Capital Campaign	\$ 630,000	\$ -
Sacred Visions	5,900	4,100
IDA Funds matching	2,602	-
Scholarships	4,683	-
Vision Maker Media	-	20,000
Green Jobs	5,000	68,107
Microgrant	-	4,000
American Lung	-	23,314
Xcel Energy	-	5,000
Live It	-	1,500
First Person Productions	39,550	15,000
Proto Lab	-	5,000
Ohiyesa	20,000	41,043
Northwest Area Foundation SIF program match	7,327	120,000
Northwest Area Foundation operations	-	120,000
Youthprise	-	25,000
MN Historical Society	-	5,000
Minnesota Department of Education	-	6,070
Education Equity	-	50,000
Subject to passage of time - Gifts from donors for programs in the following year	165,000	20,000
Total	\$ 880,062	\$ 533,134

Note 11: Retirement Plan

The Organization sponsors a defined contribution plan (the "Plan") covering all employees that meet eligibility requirements. The Organization contributed \$2,205 and \$8,147 to the Plan for the years ended December 31, 2019 and 2018, respectively.

MIGIZI Communications, Inc.

Notes to Financial Statements

Note 12: Subsequent Events

Beginning in March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, followed by multiple jurisdictions in the United States declaring a state of emergency. As a result the Organization has temporarily closed their and employees are working with program participants in a virtual setting. The Organization also received a \$125,094 loan from the Small Business Administration through the Payroll Protection Program, which was approved on April 14, 2020. The loan from the Small Business Administration is forgivable if certain conditions are met by the Organization. The Organization cannot reasonably estimate the length or severity of this pandemic or the future impact of the economic changes as a result of the pandemic.

On May 29, 2020 the Organization's primary office building in Minneapolis, Minnesota was destroyed in a fire. Many of the files have been recovered and are safeguarded. As of June 17, 2020 the Organization has received a substantial contributions to aid in rebuilding of the office space. The Organization also filed a claim with their insurance, however estimating the amount of proceeds to be collected is impractical at this time. At December 31, 2019, the office building is reported on the statements of financial position in property and equipment.

Note 13: Concentration of Contributions or Grants

For the year ended December 31, 2019, approximately 13% of the Organization's funding is provided by one private donor and 55% by the U.S. Department of Health and Human Services.

For the year ended December 31, 2018, 36% of the Organization's funding is provided by five private donors, 55% by the U.S. Department of Health and Human Services, and 11% by the U.S. Department of Education.

Supplementary Information

MIGIZI Communications, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Project Name	CFDA Number	Identifying Number	Program Period	Award Amount	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Direct Programs					
Assets for Independence Demonstration	93.602				
Assets for Independence Program - NABI		90EI0890-01-00	9/30/2014 - 9/29/2019	\$97,463	\$16,040
Total CFDA #93.602					16,040
Native American Programs					
21st Century Young Warrior's Society	93.612	90NC0033-01-01	9/30/2018 - 9/29/2021	299,828	272,595
21st Century Young Warrior's Society		90NC0033-02-00	9/30/2018 - 9/29/2021	310,250	59,091
Indigenous Pathways to Economic Independence		90NA8346-01-00	9/30/2018 - 9/29/2021	370,358	311,913
Native Youth Futures - Financially Independent		90NO0012-05-00	9/30/2018 - 9/29/2021	378,102	46,179
Indigenous Pathways to Economic Independence		90NA8346-02-00	9/30/2014 - 9/29/2019	149,539	112,950
Total CFDA #93.612					802,728
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					818,768
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
Direct Program					
Social Innovation Fund	94.019				
Social Innovation Fund		15SIHMN001	4/1/2016 - 2/28/2020	566,598	93,328
Total CFDA #94.019					93,328
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					93,328
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$912,096

See Independent Auditor's Report.

See accompanying notes to schedule of expenditures of federal awards.

MIGIZI Communications, Inc.

Notes to Schedule of Expenditures of Federal Awards

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the Organization.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting principles generally accepted in the United States. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C: Indirect Cost Rate

The Organization has elected to use the 10-percent de minimus cost rate allowed under the Uniform Guidance.

Note D: Subrecipients

The Organization did not make any subrecipient awards during the year ended December 31, 2019.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
MIGIZI Communications, Inc.
Minneapolis, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States 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 MIGIZI Communications, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 June 17, 2020.

Auditor's Responsibility

In planning and performing our audit of the financial statements, we considered MIGIZI Communications, Inc.'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 MIGIZI Communications, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of MIGIZI Communications, 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.

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 MIGIZI Communications, Inc.'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, 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 MIGIZI Communications, Inc.'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 MIGIZI Communications, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

June 17, 2020
Minneapolis, Minnesota

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Board of Directors
MIGIZI Communications, Inc.
Minneapolis, Minnesota

Report on Compliance for Each Major Federal Program

We have audited MIGIZI Communications, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement, that could have a direct and material effect on each major federal program for the year ended December 31, 2019. MIGIZI Communications, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for MIGIZI Communications, Inc.'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; 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 MIGIZI Communications, Inc.'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 the major federal program. However, our audit does not provide a legal determination on MIGIZI Communications, Inc.'s compliance.

Opinion

In our opinion, MIGIZI Communications, 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 federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of MIGIZI Communications, Inc. 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 MIGIZI Communications, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 MIGIZI Communications, Inc.'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.



Wipfli LLP

June 17, 2020
Minneapolis, Minnesota

MIGIZI Communications, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over major federal programs	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with [2 CFR 200.516(a)]?	No

Identification of Major Federal Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>
Native American Programs	93.612
Dollar threshold used to distinguish between type A and type B programs?	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Status of Prior Year Findings and Questioned Costs

None.