

MULTI-CULTURAL CENTER OF SIOUX FALLS

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

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Woltman Group ^{PC}

CPA'S AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Multi-Cultural Center of Sioux Falls
Sioux Falls, South Dakota

We have audited the accompanying financial statements of Multi-Cultural Center of Sioux Falls (a non-profit corporation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

The financial statements as of December 31, 2015, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated May 25, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Multi-Cultural Center of Sioux Falls as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Woltman Group PC

Woltman Group, PC
Sioux Falls, South Dakota
June 7, 2017

**MULTI-CULTURAL CENTER OF SIOUX FALLS
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015**

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,808	\$ 93,598
Certificates of deposit	75,000	75,000
Accounts receivable	20,481	10,321
Grants receivable	8,933	-
Prepaid expenses	9,713	15,135
	127,935	194,054
PROPERTY		
Furniture and equipment	66,343	61,803
Vehicles	80,899	33,500
Less: Accumulated depreciation	(88,370)	(72,097)
	58,872	23,206
TOTAL ASSETS	\$ 186,807	\$ 217,260

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 2,546	\$ 2,362
Payroll and sales taxes payable	3,532	2,812
Accrued expenses and other current liabilities	24,018	21,328
	30,096	26,502
NET ASSETS		
Unrestricted	122,930	93,400
Temporarily restricted	33,781	97,358
	156,711	190,758
TOTAL LIABILITIES AND NET ASSETS	\$ 186,807	\$ 217,260

The accompanying notes are an integral part of these financial statements.

**MULTI-CULTURAL CENTER OF SIOUX FALLS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016		
	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Corporate grants	\$ -	\$ 103,712	\$ 103,712
Government grants	95,000	62,713	157,713
United Way grant	-	199,500	199,500
Contributions	20,679	9,763	30,442
Contributions in kind	184,800	-	184,800
Program service fees	155,343	-	155,343
Rental income	74,000	-	74,000
Interest income	585	-	585
Miscellaneous income	3,173	-	3,173
Net assets released from restrictions - Operations	414,265	(414,265)	-
Total public support and revenue	947,845	(38,577)	909,268
EXPENSES			
Program services	687,558	-	687,558
Supporting services			
Management and general	195,821	-	195,821
Fund-raising	59,936	-	59,936
Total expenses	943,315	-	943,315
OPERATING CHANGE IN NET ASSETS	4,530	(38,577)	(34,047)
Net assets released from restrictions - Capital	25,000	(25,000)	-
CHANGE IN NET ASSETS	29,530	(63,577)	(34,047)
NET ASSETS AT BEGINNING OF YEAR	93,400	97,358	190,758
NET ASSETS AT END OF YEAR	\$ 122,930	\$ 33,781	\$ 156,711

The accompanying notes are an integral part of these financial statements.

2015		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 80,850	\$ 80,850
95,000	80,020	175,020
-	209,047	209,047
24,509	7,456	31,965
184,800	-	184,800
135,458	-	135,458
64,736	-	64,736
407	-	407
12,339	-	12,339
303,890	(303,890)	-
<u>821,139</u>	<u>73,483</u>	<u>894,622</u>
590,076	-	590,076
196,244	-	196,244
48,387	-	48,387
<u>834,707</u>	<u>-</u>	<u>834,707</u>
(13,568)	73,483	59,915
<u>-</u>	<u>-</u>	<u>-</u>
(13,568)	73,483	59,915
<u>106,968</u>	<u>23,875</u>	<u>130,843</u>
<u>\$ 93,400</u>	<u>\$ 97,358</u>	<u>\$ 190,758</u>

**MULTI-CULTURAL CENTER OF SIOUX FALLS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			Total Expenses
	Program Services	Supporting Services		
		Management and General	Fund-raising	
Salaries and wages	\$ 351,138	\$ 61,320	\$ 37,433	\$ 449,891
Payroll taxes	26,575	4,855	2,939	34,369
Employee benefits	20,616	3,090	5,506	29,212
Total	<u>398,329</u>	<u>69,265</u>	<u>45,878</u>	<u>513,472</u>
Telephone	2,131	360	-	2,491
Internet	390	390	-	780
Utilities	45,000	17,179	-	62,179
Small equipment	4,178	1,756	-	5,934
Postage and shipping	57	878	968	1,903
Office supplies	4,699	5,112	347	10,158
Bank fees	5	2,531	137	2,673
Repairs & maintenance	3,128	7,650	-	10,778
Insurance	16,504	4,295	550	21,349
Advertising	2,413	1,638	1,763	5,814
Professional fees	11,421	49,002	7,351	67,774
Bookkeeping	-	-	-	-
Fund-raising	-	-	2,351	2,351
Travel	2,176	85	10	2,271
Meals	1,299	1,836	581	3,716
Program supplies	12,917	-	-	12,917
Event supplies	3,854	-	-	3,854
Training	4,043	362	-	4,405
Transportation	52,696	-	-	52,696
Festival of Cultures	13,335	-	-	13,335
Occupancy	94,000	31,493	-	125,493
Depreciation	14,983	1,290	-	16,273
Interest	-	699	-	699
	<u>289,229</u>	<u>126,556</u>	<u>14,058</u>	<u>429,843</u>
Total expenses	<u>\$ 687,558</u>	<u>\$ 195,821</u>	<u>\$ 59,936</u>	<u>\$ 943,315</u>
Percentage of total	<u>72.9%</u>	<u>20.8%</u>	<u>6.4%</u>	<u>100.0%</u>

The accompanying notes are an integral part of these financial statements.

2015

Program Services	Supporting Services		Total Expenses
	Management and General	Fund-raising	
\$ 315,445	\$ 59,540	\$ 31,430	\$ 406,415
23,991	4,284	2,382	30,657
19,604	4,964	2,690	27,258
<u>359,040</u>	<u>68,788</u>	<u>36,502</u>	<u>464,330</u>
2,732	360	-	3,092
392	428	-	820
45,000	17,620	-	62,620
2,341	2,648	-	4,989
95	607	1,260	1,962
2,355	7,088	-	9,443
10	2,345	105	2,460
876	7,090	-	7,966
13,962	4,047	618	18,627
3,029	1,719	698	5,446
3,422	16,379	4,823	24,624
-	31,027	-	31,027
-	-	4,154	4,154
625	459	-	1,084
512	2,256	136	2,904
7,257	-	-	7,257
1,270	-	-	1,270
800	30	91	921
28,946	-	-	28,946
15,012	-	-	15,012
94,000	31,900	-	125,900
8,400	1,453	-	9,853
-	-	-	-
<u>231,036</u>	<u>127,456</u>	<u>11,885</u>	<u>370,377</u>
<u>\$ 590,076</u>	<u>\$ 196,244</u>	<u>\$ 48,387</u>	<u>\$ 834,707</u>
<u>70.7%</u>	<u>23.5%</u>	<u>5.8%</u>	<u>100.0%</u>

**MULTI-CULTURAL CENTER OF SIOUX FALLS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (34,047)	\$ 59,915
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	16,273	9,853
Decrease (increase) in:		
Receivables	(19,093)	2,942
Prepaid expenses	5,422	1,573
Increase (decrease) in:		
Accounts payable	183	(11,925)
Payroll and sales taxes payable	720	(49)
Accrued expenses and other current liabilities	2,692	6,221
Net cash (used in) provided by operating activities	<u>(27,850)</u>	<u>68,530</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	<u>(51,940)</u>	<u>(1,405)</u>
Net cash used in investing activities	<u>(51,940)</u>	<u>(1,405)</u>
 (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	 (79,790)	 67,125
 CASH AND CASH EQUIVALENTS - BEGINNING	 <u>93,598</u>	 <u>26,473</u>
 CASH AND CASH EQUIVALENTS - ENDING	 <u><u>\$ 13,808</u></u>	 <u><u>\$ 93,598</u></u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

1. NATURE OF THE ORGANIZATION

Multi-Cultural Center of Sioux Falls (Multi-Cultural Center) is an independent organization established to provide experiences and services for all people to learn, celebrate, and share through our community's cultural diversity.

The Multi-Cultural Center's primary source of revenue comes from the State of South Dakota, the City of Sioux Falls, and the Sioux Empire United Way.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Multi-Cultural Center have been prepared on the accrual basis of accounting.

BASIS OF PRESENTATION

The Multi-Cultural Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash and highly liquid short-term investments with an original maturity of three months or less.

RESTRICTED AND UNRESTRICTED REVENUE AND SUPPORT

The Multi-Cultural Center accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification (ASC) Topic 605, *Accounting for Contributions Received and Contributions Made*. In accordance with ASC Topic 605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY

Property is recorded at cost, or if donated, at its estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Multi-Cultural Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Multi-Cultural Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation of property is computed using the straight-line method over the estimated useful lives of the assets. Property is depreciated over the following lives.

<i>Classification</i>	<u>Years</u>
Furniture and equipment	3-10
Vehicles	5

Depreciation expense for the years ended December 31, 2016 and 2015 was \$16,273 and \$9,853, respectively.

ADVERTISING

The Multi-Cultural Center charges advertising and promotion costs to expense as incurred. Advertising costs charged to the statement of activities was \$5,814 and \$5,446 for the years ended December 31, 2016 and 2015, respectively.

ALLOCATION OF EXPENSES AND JOINT COSTS

The Multi-Cultural Center's costs of program and supporting activities have been summarized on a functional basis in the statements of activities and changes in net assets. Certain costs have been allocated among the program and supporting activities. Some of these costs are incurred jointly between administrative, program and fund-raising costs. These joint costs are allocated on administration's estimate of time and/or usage of resources.

INCOME TAXES

The Multi-Cultural Center is exempt from Federal income taxes under Code Section 501(c)(3) of the Internal Revenue Service Code.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATIONS OF CREDIT RISK

The Multi-Cultural Center's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and certificates of deposit held in bank accounts. Management believes it places its cash and cash equivalents and certificates of deposit with high quality credit institutions. During 2016 and 2015, the balances did not exceed the \$250,000 FDIC insurance limit.

RECLASSIFICATION

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. MAJOR REVENUE SOURCES

A substantial portion of the Multi-Cultural Center's revenues are in the form of grants from the City of Sioux Falls, the State of South Dakota, and the Sioux Empire United Way. In the event any of these revenue sources were discontinued or severely restricted, the activities of the Multi-Cultural Center would be curtailed accordingly.

4. DONATED FACILITIES

The Multi-Cultural Center occupies a building under an annual agreement with the City of Sioux Falls and Minnehaha County, South Dakota. No rent or utilities are paid by the Multi-Cultural Center. The approximate fair value of the annual rental and utilities for the years ended December 31, 2016 and 2015 are estimated to be \$184,800. The approximate fair value of the rent and utilities are included in the statements of activities as in-kind contributions and occupancy expense and utilities expense.

5. RESTRICTIONS ON NET ASSETS

UNRESTRICTED NET ASSETS

Unrestricted net assets represent resources over which the Multi-Cultural Center's board of directors has discretionary control.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent resources restricted for use by donor stipulations that limit the use of donated funds. In 2016 and 2015, the Multi-Cultural Center received various grants restricted to use in programs that extended beyond the calendar year. As such, the Multi-Cultural Center has temporarily restricted \$33,781 in 2016 and \$97,358 in 2015 for use in succeeding years.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

6. SIOUX FALLS AREA COMMUNITY FOUNDATION

Donors made contributions to the Sioux Falls Area Community Foundation (Foundation) to create an endowment in 2003. The endowment names the Multi-Cultural Center as the designated beneficiary of distributions from the endowment. The Foundation distributes 4% of the twelve-quarter trailing average balance of the endowment to the beneficiary each year. These distributions are subject to the Foundation's power to "modify or remove any restriction or condition on the distribution of funds if, in its discretion, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the communities served." The Foundation has not exercised such power in the past. The fair market value of this endowment is \$22,012 and \$20,538 at December 31, 2016 and 2015, respectively. The Multi-Cultural Center did not receive a distribution in 2016 or 2015.

7. RETIREMENT PLAN

The Multi-Cultural Center sponsors a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) retirement plan. Employees of the Multi-Cultural Center are eligible to participate in this retirement plan if they work thirty-two or more hours per week. The Multi-Cultural Center matches 100% of each individual employee's contribution up to 3% of salary. All amounts are placed in employee owned accounts. The total contributed by the Multi-Cultural Center during the years ended December 31, 2016 and 2015 was \$1,581 and \$781, respectively.

8. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 7, 2017, which is the date the financial statements were available to be issued.