



# MEMORANDUM

Date: March 10, 2023

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: Jan Leshner *Jan Leshner*  
County Administrator

Re: **Additional Information Related to February 7, 2023 Board of Supervisors Meeting  
Agenda Item #22 – Amendment to Promissory Note Related to Purchase and Sale  
Agreement of 160 North Stone Avenue**

## Background

The purpose of this memorandum is to provide the Board of Supervisors additional information regarding the Amendment to the Promissory Note related to the Purchase and Sale Agreement with the American Indian Association of Tucson, Inc., dba Tucson Indian Center (TIC). The Promissory Note Amendment was Item #22 on the February 7, 2023 Board of Supervisors Agenda. This item was continued to February 21, 2023, by the Board of Supervisors, and subsequently continued to March 21, 2023 at the request of the County Administrator.

Prior to the TIC purchase of the 160 N. Stone Avenue property and building, they occupied space in the County-owned building located at 97 E. Congress Street since 2003. Their original lease was with the prior owner of the building, the James C. Olson Trust, and was assigned to Pima County when we purchased the Congress Street building. After expiration of the original lease, Pima County entered into a new lease dated January 6, 2009. Amendment 1 to this lease amended the termination date to December 31, 2018, with an option to extend to December 31, 2023.

To enable Pima County to lease the 97 E. Congress Street building to Caterpillar Global Mining, LLC, TIC agreed to move their lease to 160 N. Stone Avenue and expressed a desire to purchase this property. Amendment 2 to the TIC lease changed the premises from 97 E. Congress Street to 160 N. Stone Avenue and redefined terms. This amendment also provided for tenant improvements not to exceed \$270,000 to meet TIC's needs in the relocated space. The amendment also included the intent to negotiate a sale and authorized the Procurement Director to execute the final form of the purchase and sale agreement. This lease amendment was approved unanimously by the Board of Supervisors on July 5, 2016.

An appraisal of the Stone Avenue property was prepared by Valbridge Property Advisors with an "as is" market value of \$1,375,000, as of August 25, 2015. The sale of the building was negotiated for a purchase price of \$1,507,500, plus half of the closing costs not to exceed \$10,000, and pending completion of the tenant improvements necessary for TIC occupancy. As authorized by the Board, the Purchase and Sale Agreement was executed by the Procurement Director on July 29, 2016, along with the form of the Promissory Note.

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The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Additional Information Related to February 7, 2023 Board of Supervisors Meeting  
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Agreement of 160 North Stone Avenue**

March 10, 2023

Page 2

The final closing occurred on January 18, 2017, and the original Promissory Note was executed by TIC. The terms of the initial Note included principal of \$1,513,182 (\$1,507,500 purchase price plus \$5,682 in closing costs) at an interest rate of 3.5% with interest only payments for 5 years beginning February 1, 2017. Per the Note, principal and interest payments were required starting February 1, 2022, with a balloon payment of \$1,425,414 due January 18, 2025. Principal payments of \$33,980 have been made to date as required by the Note, along with required interest payments since February 1, 2022.

#### Deeds and Assignments

At the February 7, 2023 Board of Supervisors meeting, questions were asked about the deeds and assignments related to the sales transaction. Payment of the original principal sum of \$1,513,182 plus interest and all other sums due under the Promissory Note, as may be extended, modified, renewed or replaced, is secured by the Non-Recourse Deed of Trust and Assignment of Rents for the Stone Avenue property as recorded at Sequence 20170180658.

A Non-Recourse Note and Deed of Trust means, as the Beneficiary of the Note, Pima County can seek recourse to satisfy the Note if there should be a default. There is a more than adequate debt to value ratio to give the County assurance that a default can be more than satisfied from the current market value of the building. The Assignment of Rents to the Beneficiary of the Deed of Trust would only occur if there were a default on the Note and Deed of Trust. This assignment provision gives the County the necessary protection that if there were a default any tenant leases and rent payments would be assigned to the County. There have been no defaults on the Note for the property.

There is a Special Warranty Deed conveying the property from Pima County to American Indian Association of Tucson, Inc. recorded at Sequence 20170180657. There is also a Special Warranty Deed recorded at Sequence 20170230458 that is an internal transaction between American Indian Association of Tucson, Inc. and AIA 160, LLC, which are two related entities. The recordation of the Special Warranty Deed between American Indian Association of Tucson, Inc. and AIA 160, LLC does not modify the note and deed of trust encumbrance between Pima County and American Indian Association of Tucson, Inc.

#### Information Regarding Assessor's Notes

Supervisor Christy had questions regarding "notes" on the Pima County Assessor page for the 160 N. Stone property. Attachment 1 is a screenshot of the actual notes from the Assessor page. The notes listed are not recorded financial encumbrances, they are internal Assessor notes.

#### Tucson Indian Center Information

Additionally, Supervisor Christy raised questions about TIC's financial condition. Provided as Attachment 2 is the TIC audited financial statements and reports for the years ending June

The Honorable Chair and Members, Pima County Board of Supervisors

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March 10, 2023

Page 3

30, 2021 and 2020. Attachment 3 is the TIC preliminary draft statement of financial position for the years ending June 30, 2022 and 2021. Information on TIC programs and services can be viewed at [Home - Tucson Indian Center \(ticenter.org\)](http://Home - Tucson Indian Center (ticenter.org)).

#### Promissory Note Amendment

Due to the impending balloon payment, TIC requested restructuring of the Note to extend the repayment period. Pima County's Finance Department prepared a new amortization schedule that was presented for Board of Supervisors consideration on February 7, 2023.

Following the continuance of the Amendment to the Promissory Note from February 7, 2023, TIC has made the required February and March payments under the existing Promissory Note. Due to this payment, the contract amendment and the associated amortization table has been updated for Board of Supervisors consideration (Attachment 4).

Changes to the amendment reflect the original Note amount of \$1,513,182 (\$1,507,500 purchase price plus \$5,682 in closing costs). The revised total amount of the amended Note is \$2,175,535.80 (original purchase price of \$1,513,182 including costing costs, less \$33,980 of principal already paid, plus \$696,333.80 additional interest).

This Amendment, effective April 1, 2023, will 1) extend the Note by 13 years and 42 days; 2) decrease the principal balance by \$33,980 to reflect payments already made; 3) eliminate the balloon payment due January 18, 2025; and 4) increase the interest from 3.5 percent to 5.5 percent. Pima County will receive additional interest payments of \$696,333.80 due to these changes.

#### Recommendation

I recommend approval of the Amendment to the Promissory Note Related to the Purchase and Sale Agreement of 160 N. Stone with the American Indian Association of Tucson, Inc., dba as Tucson Indian Center.

#### Attachments

c: Carmine DeBonis, Jr., Deputy County Administrator  
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer  
Steve Holmes, Deputy County Administrator  
Melissa Manriquez, Clerk of the Board of Supervisors  
Tony Cisneros, Interim Director, Facilities Management  
Ellen Moulton, Director, Finance and Risk Management Department  
Terri Spencer, Director, Procurement Department  
Jeff Teplitsky, Director, Real Property Services Department

# ATTACHMENT 1

## Notes (20)

<b>Created:</b> 2/24/2023 <b>Modified:</b> 2/24/2023	TRCNo 2301046: 2023 Adjustment for change in exemption amount(s) Per ARS 42 Chapter 11 Article 3. Exemption Application ID - 25063.
<b>Created:</b> 7/14/2022 <b>Modified:</b> 7/14/2022	2024N- No change to use code at 1513. No change to Land/IMP class at 1/0. Permit T21CM07716 remodel complete, updated IMP 1 effective age from 1985 to 1989. Updated photos in BookMap.
<b>Created:</b> 5/27/2022 <b>Modified:</b> 5/27/2022	TRCNo 2203132: 2022 Adjustment for change in exemption amount(s) Per ARS 42 Chapter 11 Article 3. Exemption Application ID - 25063.
<b>Created:</b> 2/14/2022 <b>Modified:</b> 2/14/2022	TRCNo 2200473: 2022 Adjustment for change in exemption amount(s) Per ARS 42 Chapter 11 Article 3. Exemption Application ID - 22811.
<b>Created:</b> 12/30/2021 <b>Modified:</b> 12/30/2021	2023N- No change to use code at 1513. No change to Land/IMP class at 1/0. Permit T21CM07716 remodel not yet started. Updated photos in BookMap.
<b>Created:</b> 3/8/2021 <b>Modified:</b> 3/8/2021	TRCNo 2101977: 2021 2020 Adjustment for change in exemption amount(s) Per ARS 42 Chapter 11 Article 3. Exemption Application ID - 22811.
<b>Created:</b> 2/18/2021 <b>Modified:</b> 2/18/2021	TRCNo 2100680: 2021 2020 Adjustment for change in exemption amount(s) Per ARS 42 Chapter 11 Article 3. Exemption Application ID - 21109.
<b>Created:</b> 7/16/2018 <b>Modified:</b> 7/16/2018	TRCNo 1803858: 2018 Adjustment for change in Exemption amount(s)
<b>Created:</b> 11/14/2017 <b>Modified:</b> 11/14/2017	2019N-Per review with APPR#486-MB no change to use code at 1513. Update Land/IMP class from 2/0 to 1/0.
<b>Created:</b> 9/15/2017 <b>Modified:</b> 9/15/2017	TRCNo 1705133: Taxable Days 348: SQ20170180657 Date Recorded: 01/18/2017
<b>Created:</b> 3/23/2017 <b>Modified:</b> 3/23/2017	2018S - No change to use code at 1513, change Land/Imp from 2/0 to 1/0 for commercial office building.
<b>Created:</b> 3/23/2017 <b>Modified:</b> 3/23/2017	2017 Sq20170180657 recorded 1/18/2017 use change 9620 > 1513 (348 taxable days 2017)
<b>Created:</b> 10/31/2016 <b>Modified:</b> 10/31/2016	2018N No change to use code 9620. No change to Land/IMP class 2/0. Updated CCS IMP 001-001 from 14848 sf to 19584 SF, new eff age from 1964 to 1985. Delete CCS IMP 001-002. Created APEX/Photos in Book-Map.
<b>Created:</b> 2/5/2013 <b>Modified:</b> 2/5/2013	TRCNo 1200488: 2012 NOE EXEMPT BY SALE IN SQ20122290656 DATED 8/16/12 USE TO 9620
<b>Created:</b> 10/19/2012 <b>Modified:</b> 10/19/2012	TRC 2012 NOE 2013 BMP 2014 EXEMPT BY SALE / CLASS TO 2 @ 16%/ USE CHANGE 1522 > 9620 RULE B 2012
<b>Created:</b> 10/3/2012 <b>Modified:</b> 10/4/2012	TRC 2012 NOE 2013 BMP 2014 EXEMPT BY SALE SQ20122290656 08/16/2012 PER 42-11102 & 42-17153(e) USE CHANGE 1522 > 9620 RULE B 2012
<b>Created:</b> 7/30/2012 <b>Modified:</b> 7/30/2012	PETITION 2013 A LEVEL RULE A
<b>Created:</b> 7/25/2011 <b>Modified:</b> 7/25/2011	PETITION 2012 A LEVEL REVIEWED & ADJUSTED
<b>Created:</b> 9/25/2006 <b>Modified:</b> 9/25/2006	2007 SBOE LEVEL OK.
<b>Created:</b> 5/23/2005 <b>Modified:</b> 5/23/2005	TRANFERED ON ACCIDENT. RESTORE TO ORIGINAL OWNER

# ATTACHMENT 2

**AMERICAN INDIAN ASSOCIATION  
OF TUCSON, INC. AND AFFILIATE  
dba TUCSON INDIAN CENTER**

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND  
SINGLE AUDIT REPORTS AND SCHEDULES  
Years ended June 30, 2021 and 2020**



**JENNIFER J. PHILLIPS, CPA, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND  
SINGLE AUDIT REPORTS AND SCHEDULES  
Years ended June 30, 2021 and 2020

**TABLE OF CONTENTS**

AUDITED FINANCIAL STATEMENTS

Independent auditor's report .....	1
Consolidated statements of financial position .....	3
Consolidated statement of activities - 2021 .....	4
Consolidated statement of activities - 2020 .....	5
Consolidated statement of functional expenses - 2021 .....	6
Consolidated statement of functional expenses - 2020 .....	7
Consolidated statements of cash flows .....	8
Notes to consolidated financial statements .....	9

SINGLE AUDIT REPORTS AND SCHEDULES

Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> .....	15
Independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance .....	17
Schedule of findings and questioned costs .....	19

INFORMATION PREPARED BY AUDITEE

Schedule of expenditures of federal and other governmental awards .....	20
Summary of prior year findings .....	23





## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
American Indian Association of Tucson, Inc. and Affiliate  
dba Tucson Indian Center  
Tucson, Arizona

I have audited the accompanying consolidated financial statements of American Indian Association of Tucson, Inc. and Affiliate dba Tucson Indian Center, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's responsibility for the consolidated financial statements**

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

### **Auditor's responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audits. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated 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 consolidated 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, I 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Indian Association of Tucson, Inc. and Affiliate as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other matters

My audit was performed for the purpose of forming an opinion on the consolidated financial statements of American Indian Association of Tucson, Inc. and Affiliate taken as a whole. The accompanying schedule of expenditures of federal and other governmental 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*, is presented for additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 2, 2022 on my consideration of American Indian Association of Tucson, 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 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 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 American Indian Association of Tucson, Inc.'s internal control over financial reporting and compliance.



JENNIFER J. PHILLIPS, CPA, PLLC

Tucson, Arizona  
February 2, 2022

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,936,370	\$ 1,803,759
Contracts and grants receivable	366,594	462,384
Other receivables	945	3,588
Prepaid expenses and other assets	49,878	24,195
Property and equipment - Note 3	1,483,366	1,511,847
	\$ 4,837,153	\$ 3,805,773
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 114,479	\$ 39,141
Accrued expenses	76,750	80,020
Refundable advances - Note 5	2,543,520	1,557,520
Note payable - Note 6	1,513,182	1,513,182
	4,247,931	3,189,863
Net assets:		
Without donor restrictions:		
Available for operations	163,043	211,403
Expended on property and equipment	168,206	132,533
	331,249	343,936
With donor restrictions - Note 7	257,973	271,974
	589,222	615,910
	\$ 4,837,153	\$ 3,805,773

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended June 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenues:			
Governmental grants and assistance	\$ 2,889,761	\$ -	\$ 2,889,761
Other contracts	70,742	-	70,742
Contributions	44,558	100,000	144,558
Fundraising events, net of direct donor benefit costs of \$0	-	-	-
Interest income	130	-	130
Rental income - Note 9	23,892	-	23,892
Community events	3,000	-	3,000
Miscellaneous	1,119	-	1,119
	<u>3,033,202</u>	<u>100,000</u>	<u>3,133,202</u>
Net assets released from restrictions	114,001	(114,001)	-
Total public support and revenues	<u>3,147,203</u>	<u>(14,001)</u>	<u>3,133,202</u>
Expenses:			
Program services	2,649,107	-	2,649,107
Management and general	469,658	-	469,658
Fundraising	41,125	-	41,125
Total expenses	<u>3,159,890</u>	<u>-</u>	<u>3,159,890</u>
Change in net assets	(12,687)	(14,001)	(26,688)
Net assets, beginning of year	<u>343,936</u>	<u>271,974</u>	<u>615,910</u>
Net assets, end of year	<u>\$ 331,249</u>	<u>\$ 257,973</u>	<u>\$ 589,222</u>

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended June 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenues:			
Governmental grants and assistance	\$ 1,920,962	\$ -	\$ 1,920,962
Other contracts	-	-	-
Contributions	6,549	320,419	326,968
Fundraising events, net of direct donor benefit costs of \$10,929	14,793	-	14,793
Interest income	74	-	74
Rental income - Note 9	20,766	-	20,766
Community events	12,270	-	12,270
Miscellaneous	-	-	-
	<u>1,975,414</u>	<u>320,419</u>	<u>2,295,833</u>
Net assets released from restrictions	<u>96,704</u>	<u>(96,704)</u>	<u>-</u>
Total public support and revenues	<u>2,072,118</u>	<u>223,715</u>	<u>2,295,833</u>
Expenses:			
Program services	1,582,419	-	1,582,419
Management and general	427,564	-	427,564
Fundraising	24,339	-	24,339
Total expenses	<u>2,034,322</u>	<u>-</u>	<u>2,034,322</u>
Change in net assets	37,796	223,715	261,511
Net assets, beginning of year	<u>306,140</u>	<u>48,259</u>	<u>354,399</u>
Net assets, end of year	<u>\$ 343,936</u>	<u>\$ 271,974</u>	<u>\$ 615,910</u>

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2021

	<b>Program services</b>					<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Health</b>	<b>Wellness</b>	<b>Employment education and training</b>	<b>Other</b>	<b>Total</b>			
Salaries and wages	\$ 92,977	\$ 518,715	\$ 156,614	\$ 32,718	\$ 801,024	\$ 227,500	\$ 18,000	\$ 1,046,524
Payroll taxes	6,975	40,224	11,239	2,460	60,898	18,610	1,138	80,646
Other employee-related	29,805	97,747	24,171	5,455	157,178	39,720	-	196,898
	<u>129,757</u>	<u>656,686</u>	<u>192,024</u>	<u>40,633</u>	<u>1,019,100</u>	<u>285,830</u>	<u>19,138</u>	<u>1,324,068</u>
Client services	-	488	119,430	77,788	197,706	-	-	197,706
Contracted services	93,904	116,309	6,573	2,574	219,360	45,751	508	265,619
Community outreach	-	-	-	2,954	2,954	280	7,943	11,177
Depreciation expense	6,173	48,134	10,551	2,214	67,072	15,523	1,165	83,760
Direct donor benefit	-	-	-	-	-	-	-	-
Dues, subscriptions & fees	33	1,720	56	11	1,820	3,268	304	5,392
Insurance	1,349	9,519	2,589	572	14,029	4,242	100	18,371
Interest expense	4,705	26,250	7,926	1,656	40,537	11,512	911	52,960
Meeting and events	811	22,531	5,660	1,977	30,979	2,148	6,539	39,666
Occupancy	10,157	66,736	17,109	3,574	97,576	24,853	1,966	124,395
Office supplies/equipment	25,611	27,092	11,619	1,470	65,792	23,145	116	89,053
Other expense	456	9,244	394	722	10,816	889	1,950	13,655
Postage/printing/copying	24,351	92,497	4,854	5,478	127,180	5,807	-	132,987
Professional fees	11,950	56,215	15,384	6,042	89,591	28,019	19	117,629
Program supplies and reference materials	146,445	372,351	14,520	51,942	585,258	-	-	585,258
Telephone	3,087	19,564	5,387	1,199	29,237	9,560	116	38,913
Training and conferences	3,482	7,149	525	92	11,248	877	-	12,125
Vehicle	2,426	31,522	4,148	756	38,852	7,954	350	47,156
Total functional expenses	<u>464,697</u>	<u>1,564,007</u>	<u>418,749</u>	<u>201,654</u>	<u>2,649,107</u>	<u>469,658</u>	<u>41,125</u>	<u>3,159,890</u>
Less: direct donor benefit	-	-	-	-	-	-	-	-
	<u>\$ 464,697</u>	<u>\$ 1,564,007</u>	<u>\$ 418,749</u>	<u>\$ 201,654</u>	<u>\$ 2,649,107</u>	<u>\$ 469,658</u>	<u>\$ 41,125</u>	<u>\$ 3,159,890</u>

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2020

	<b>Program services</b>				<b>Total</b>	<b>Management and Fundraising</b>		<b>Total</b>
	<b>Health</b>	<b>Wellness</b>	<b>Employment education and training</b>	<b>Other</b>		<b>general</b>	<b>Fundraising</b>	
Salaries and wages	\$ -	\$ 562,394	\$ 131,921	\$ 32,383	\$ 726,698	\$ 236,865	\$ -	\$ 963,563
Payroll taxes	-	51,775	12,324	2,979	67,078	21,337	-	88,415
Other employee-related	-	71,837	19,040	4,620	95,497	32,898	-	128,395
	-	686,006	163,285	39,982	889,273	291,100	-	1,180,373
Client services	-	8,810	54,289	-	63,099	-	200	63,299
Contracted services	-	36,368	1,837	451	38,656	18,632	3,643	60,931
Community outreach	-	81	2,386	300	2,767	-	6,270	9,037
Depreciation expense	-	47,038	10,205	2,503	59,746	18,230	-	77,976
Direct donor benefit	-	-	-	-	-	-	10,929	10,929
Dues, subscriptions & fees	-	2,155	280	52	2,487	1,826	200	4,513
Insurance	-	12,995	3,038	743	16,776	5,502	-	22,278
Interest expense	-	30,911	7,251	1,780	39,942	13,018	-	52,960
Meeting and events	-	35,003	1,831	7,016	43,850	3,412	9,750	57,012
Occupancy	-	62,711	13,338	3,274	79,323	23,950	-	103,273
Office supplies/equipment	-	76,486	8,593	10,444	95,523	7,091	427	103,041
Other expense	-	686	34	621	1,341	506	2,288	4,135
Postage/printing/copying	-	47,121	2,713	4,318	54,152	5,721	864	60,737
Professional fees	-	54,614	9,940	2,398	66,952	19,955	-	86,907
Program supplies and reference materials	-	44,144	2,738	1,509	48,391	74	697	49,162
Telephone	-	20,209	4,725	1,159	26,093	8,261	-	34,354
Training and conferences	-	2,884	9,082	1,010	12,976	2,584	-	15,560
Vehicle	-	37,157	3,130	785	41,072	7,702	-	48,774
Total functional expenses	-	1,205,379	298,695	78,345	1,582,419	427,564	35,268	2,045,251
Less: direct donor benefit	-	-	-	-	-	-	(10,929)	(10,929)
	\$ -	\$ 1,205,379	\$ 298,695	\$ 78,345	\$ 1,582,419	\$ 427,564	\$ 24,339	\$ 2,034,322

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (26,688)	\$ 261,511
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	83,760	77,976
(Increase) decrease in operating assets:		
Contracts and grants receivable	95,790	(352,513)
Other receivables	2,643	(3,051)
Prepaid expenses and other assets	(25,683)	(12,552)
Increase (decrease) in operating liabilities:		
Accounts payable	75,338	(5,446)
Accrued expenses	(3,270)	18,038
Refundable advances	986,000	1,527,753
Net cash provided by operating activities	<u>1,187,890</u>	<u>1,511,716</u>
Net cash (used in) investing activities -		
Purchase of property and equipment	<u>(55,279)</u>	<u>(68,894)</u>
Net change in cash and cash equivalents	1,132,611	1,442,822
Cash and cash equivalents, beginning of year	<u>1,803,759</u>	<u>360,937</u>
Cash and cash equivalents, end of year	<u>\$ 2,936,370</u>	<u>\$ 1,803,759</u>
<u>Supplemental disclosure:</u>		
Cash paid for interest:	<u>\$ 52,960</u>	<u>\$ 52,960</u>
Cash paid for income taxes:	<u>\$ 50</u>	<u>\$ 50</u>

See Accompanying Notes.



**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021 and 2020

**NOTE 1 – Nature of operations**

American Indian Association of Tucson, Inc. was established to provide various program services and assistance to Native Americans and other disadvantaged people in Pima County, Arizona. Specific programs address health and wellness, employment education and training, and emergency needs of the population served. Funding is received primarily from federal, state and local government agencies, other nonprofit organizations and from private and corporate donors.

The major programs of American Indian Association of Tucson, Inc are as follows:

- *Health* – Provides COVID-19 vaccinations and tests to the community.
- *Wellness* – Provides health assessment and case management services, group and one-on-one educational workshops and activities, transportation services to and from the local Indian Health Service clinic and prescription medication pick-up and delivery services.
- *Employment education and training* – Provides employment services such as job development and education services such as vocational training assistance or referrals.
- *Other programs:*
  - *Leadership development* – Funded by a grant from the Marguerite Casey Foundation to promote community mobilization within the Native American community in Tucson.
  - *Emergency services* – Assists Pima County residents to prevent homelessness by providing mortgage/rental and utilities assistance.

During the year ended June 30, 2017, American Indian Association of Tucson, Inc. established AIA 160, LLC (the LLC), an Arizona limited liability company wholly owned by American Indian Association of Tucson, Inc. The LLC was formed to own, maintain and operate property leased to American Indian Association of Tucson, Inc. and another unrelated non-profit.

American Indian Association of Tucson, Inc. and AIA 160, LLC are herein collectively referred to as “Tucson Indian Center” or “the Center.”

**NOTE 2 – Summary of significant accounting policies**

*Principles of consolidation*

The consolidated financial statements include the accounts of American Indian Association of Tucson, Inc. and AIA 160, LLC. All significant inter-organization accounts and transactions have been eliminated.

*Cash and cash equivalents*

The Center considers all cash and highly liquid investments with an original maturity of three months or less which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. The Center has no restricted cash as of either June 30, 2021 or 2020.

*Contracts and grants receivable*

Contracts and grants receivable are considered unconditional promises to give. The Center records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2021 and 2020

**NOTE 2 – Summary of significant accounting policies – continued**

discounts is included in contribution revenue in the consolidated statements of activities. Contracts and grants receivable at both June 30, 2021 and 2020 are due within one year. At June 30, 2021 and 2020, receivables were considered fully collectible by management, therefore no allowance for doubtful accounts has been provided.

*Property and equipment*

Purchased property and equipment in excess of \$5,000 are capitalized at cost. Donated property and equipment is recorded at fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

The Center reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Center has determined that there were no indicators of asset impairment as of either June 30, 2021 or 2020.

*Vacation pay*

Vacation pay is accrued as a liability when earned by employees since the employees have vested rights to this employee benefit.

*Net assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

The Center reports contributions restricted by donors 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 contribution 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 consolidated statements of activities as net assets released from restrictions.

*Revenue and contribution recognition*

The Center records fundraising event revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. The Center recognizes rent revenue evenly over the terms of the tenant lease on the accrual basis. Rental receipts received in advance are deferred until earned.

The Center recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2021 and 2020

**NOTE 2 – Summary of significant accounting policies – continued**

measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Center's contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2021 and 2020, conditional grants approximating \$651,665 and \$351,370, respectively, representing the unexpended portion of the Center's governmental awards have not been recognized as revenue in the accompanying financial statements.

Under the terms of certain governmental awards, the Center receives funds in arrears on a reimbursement basis and receives grant payments only after the related conditions have been satisfied and revenue has been recognized. Other governmental awards are received in advance, resulting in cash advances on these unexpended awards which are reported as refundable advances in the accompanying consolidated statements of financial position.

Other contract revenue is recognized in the period in which the related services are performed. The performance obligation consists of providing various services to Native Americans and other disadvantaged people in Pima County, Arizona. Services are simultaneously received and consumed.

*Donated goods, facilities and services*

Donated goods and facilities are valued at their fair market value. Donated services are recognized in the consolidated financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Center uses the services of volunteers, the fair value of these services is not recognized in the accompanying consolidated financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

*Program supplies and reference materials*

These are expenditures such as food, clothing, bus passes, and other items directly provided as part of programs that are given to clients. Reference materials provided to clients include brochures and pamphlets about programs at the Center.

*Functional allocation of expenses*

The general approach to allocating costs to the various functions of the Center follows:

- All direct costs are charged to activities and functions;
- Costs that can be identified to more than one activity are prorated individually using a base appropriate to the particular cost being prorated;
- All other allowable administrative costs (costs that benefit all activities and cannot be identified to a specific function) are allocated using a base that results in an equitable distribution.

*Income tax status*

American Indian Association of Tucson, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to American Indian Association of Tucson, Inc.'s tax-exempt purpose may be subject to taxation as unrelated business

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2021 and 2020

**NOTE 2 – Summary of significant accounting policies – continued**

income. In addition, American Indian Association of Tucson, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The LLC, as a single member LLC, is a disregarded entity for tax purposes.

Management considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the organization's status as a not-for-profit entity. Management believes that the Center met the requirements to maintain its tax-exempt status therefore, no provision for income taxes has been provided in these consolidated financial statements. The Center has rental income that is subject to nominal unrelated business income tax and, accordingly, will file an *Exempt Organization Business Income Tax Return* (Form 990-T) with the Internal Revenue Service (IRS) for the year ended June 30, 2021.

*Use of estimates*

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

*Financial instruments and credit risk*

The Center manages deposit concentration risk by placing cash, certificates of deposit and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Center has not experienced losses in any of these accounts. As of June 30, 2021, uninsured cash and cash equivalents totaled \$1,979,462.

Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Center's mission; however, there is a potential credit risk and accounting loss that could occur if all parties to the receivables fail to perform their obligations for the stated amounts.

**NOTE 3 – Property and equipment**

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 320,771	\$ 320,771
Building and improvements	1,378,920	1,361,917
Furniture, fixtures and equipment	120,117	81,842
	<u>1,819,808</u>	<u>1,764,530</u>
Less accumulated depreciation	<u>(336,442)</u>	<u>(252,683)</u>
	<u>\$ 1,483,366</u>	<u>\$ 1,511,847</u>

**NOTE 4 – Line of credit**

During the year ended June 30, 2020, the Center obtained a \$100,000 revolving line of credit with a financial institution to be drawn as needed. The line of credit bears interest at 9.63% above the prime

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2021 and 2020

**NOTE 4 – Line of credit – continued**

rate per annum. The line is secured by inventory, receivables and equipment. There was no outstanding balance on the line of credit at both June 30, 2021 and 2020.

**NOTE 5 – Refundable advances**

Cost-reimbursable federal and state grants and contracts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. These refundable advances totaled \$2,543,520 and \$1,557,520 as of June 30, 2021 and 2020, respectively.

**NOTE 6 – Note payable**

During the year ended June 30, 2017, The LLC entered into a mortgage loan collateralized by the land and building. The loan bears interest at 3.5% per annum and monthly repayment of principal begins February 2022. Payments on the note payable shall be \$6,795 monthly with a balloon payment due January 2025. The outstanding balance at both June 30, 2021 and 2020 was \$1,513,182. Annual required principal payments on the note payable are as follows:

Year ending June 30, 2022	\$	14,392
2023		29,554
2024		30,604
2025		<u>1,438,632</u>
	\$	<u><u>1,513,182</u></u>

**NOTE 7 – Net assets with donor restrictions**

Net assets with donor restrictions (specified purpose) activity follows for the year ended June 30, 2021:

	Beginning balance	Additions	Releases	Ending balance
Develop healthy families	\$ 258,852	\$ -	\$ (112,301)	\$ 146,551
Volunteer elder activities	11,422	-	-	11,422
Other programs	1,700	-	(1,700)	-
Timing	-	100,000	-	100,000
	<u>\$ 271,974</u>	<u>\$ 100,000</u>	<u>\$ (114,001)</u>	<u>\$ 257,973</u>

Net assets with donor restrictions (specified purpose) activity follows for the year ended June 30, 2020:

	Beginning balance	Additions	Releases	Ending balance
Develop healthy families	\$ 42,991	\$ 310,000	\$ (94,139)	\$ 258,852
Volunteer elder activities	4,368	9,619	(2,565)	11,422
Other programs	900	800	-	1,700
Timing	-	-	-	-
	<u>\$ 48,259</u>	<u>\$ 320,419</u>	<u>\$ (96,704)</u>	<u>\$ 271,974</u>

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2021 and 2020

**NOTE 8 – Pension plan**

The Center has a 401(k) plan, which covers substantially all employees. The Plan requires nondiscretionary employer contributions as a percentage of compensation for eligible employees, which was 5% for both of the years ended June 30, 2021 and 2020. In addition, the Center provides a discretionary match of participant contributions. Pension plan contributions totaled \$37,222 and \$36,663 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 9 – Rent income**

The LLC rented space to other nonprofit entities (primarily American Indian Association of Tucson, Inc.) under non-cancelable leases with varying terms and expiration dates. Rent paid to the LLC by American Indian Association of Tucson, Inc. was eliminated in consolidation for financial statement presentation. Gross rental income after elimination was \$23,892 and \$20,766 for the years ended June 30, 2021 and 2020, respectively. At March 31, 2021, American Indian Association of Tucson, Inc. began renting the entire building in anticipation of expanding their services.

**NOTE 10 – Concentrations of revenue**

The Center participates in a number of Federal and State assisted grant and contract programs, and a significant reduction in this level of support, if it were to occur, would have a material effect on the programs and activities of the Center. The governmental agency funding is subject to compliance audits. Assessments from these audits, if any, are recorded when the amounts of such assessments are reasonably determinable.

**NOTE 11 – Liquidity and availability**

Financial assets available for general expenditure (without donor or other restrictions limiting their use) within one year of the consolidated statement of financial position date are the following at June 30:

	2021	2020
Cash and cash equivalents	\$ 134,877	\$ 124,264
Receivables	<u>367,539</u>	<u>315,972</u>
	<u>\$ 502,416</u>	<u>\$ 440,236</u>

As part of the Center's liquidity management plan, cash in excess of annual operating requirements is invested in savings accounts.

**NOTE 12 – Subsequent events**

Subsequent events have been evaluated through February 2, 2022, which is the date the consolidated financial statements were available to be issued.



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

Board of Directors  
American Indian Association of Tucson, Inc.  
dba Tucson Indian Center  
Tucson, Arizona

I have audited, 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, the consolidated financial statements of American Indian Association of Tucson, Inc. and Affiliate dba Tucson Indian Center (collectively referred to as the Center) (Arizona nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued my report thereon dated February 2, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the consolidated financial statements, I considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, I do not express an opinion on the effectiveness of the Center'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 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 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's consolidated financial statements are free of 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 determination of financial statement amounts. 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*.

Board of Directors  
American Indian Association of Tucson, Inc.  
dba Tucson Indian Center  
Page 2

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



JENNIFER J. PHILLIPS, CPA, PLLC

Tucson, Arizona  
February 2, 2022





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

Board of Directors  
American Indian Association of Tucson, Inc.  
dba Tucson Indian Center  
Tucson, Arizona

Report on Compliance for Each Major Federal Program

I have audited American Indian Association of Tucson, Inc. dba Tucson Indian Center's (Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2021. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

*Auditor's responsibility*

My responsibility is to express an opinion on compliance for each of the Center's major federal programs based on my audit of the types of compliance requirements referred to above. 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 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Center's compliance.

*Opinion on each major federal program*

In my opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



JENNIFER J. PHILLIPS, CPA, PLLC

Tucson, Arizona  
February 2, 2022

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.**  
**DBA TUCSON INDIAN CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2021

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:  
    No material weaknesses identified.  
    No significant deficiencies identified.

No noncompliance material to financial statements noted.

**Federal awards**

Internal control over major programs:  
    No material weaknesses identified.  
    No significant deficiencies identified.

Type of auditor’s report issued on compliance for major programs: Unmodified

No audit findings disclosed as required to be reported in accordance  
with 2 CFR section 200.516(a)

Identification of major programs:

    93.193 Urban Indian Health Services

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

Auditee qualified as a low risk auditee.

**SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.**  
**DBA TUCSON INDIAN CENTER**  
SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS  
Year ended June 30, 2021

<u>Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Additional Award ID</u>	<u>Grant/FAIN number</u>	<u>Expenditures</u>	
				<u>Federal</u>	<u>Other</u>
<b><u>U.S. Department of Labor</u></b>					
<i>Direct:</i>					
Native American Employment and Training	17.265	N/A	AB-33916-19-60-A-4	\$ 17,005	\$ -
Native American Employment and Training	17.265	N/A	AB-34910-20-60-A-4	398,538	-
<b><u>U.S. Department of Health and Human Services</u></b>					
<i>Direct:</i>					
Urban Indian Health Services	93.193	N/A	HHS1249201600001C	866,604	-
Urban Indian Health Services	93.193	N/A	75H71421C00001	122,124	-
Urban Indian Health Services	93.193	N/A	H722IHS0142-18-00	195,118	-
Urban Indian Health Services	93.193	N/A	H722IHS0142-19-00	33,904	-
Urban Indian Health Services	93.193	N/A	75H71421C00001	1,723	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	1H79SM0826683-01	102,296	-
Special Diabetes Programs for Indians - Diabetes Prevention and Treatment Projects	93.237	N/A	H1D1IHS0415-19-00	115,728	-
Special Diabetes Programs for Indians - Diabetes Prevention and Treatment Projects	93.237	N/A	H1D1IHS0415-20-00	43,995	-
Provider Relief Fund	93.498	COVID	N/A	372,486	-
Demonstration Projects for Indian Health	93.933	N/A	BH16IHS0109-05-00	23,089	-
Demonstration Projects for Indian Health	93.933	N/A	BH16IHS0109-06-00	66,019	-
A Comprehensive Approach to Good Health and Wellness in Indian County	93.762	N/A	NU58DP00642-02-03	3,450	-
A Comprehensive Approach to Good Health and Wellness in Indian County	93.762	N/A	NU58DP00602-03-02	152,671	-
<i>Passed through National Council for Urban Indian Health:</i>					
Tribal Public Health Capacity Building & Quality Improvement Umbrella Cooperative Agreement	93.772	COVID	CDC-RFA-OT18-18020202SUPP20	235,476	-
<b><u>U.S. Department of Homeland Security</u></b>					
<i>Direct:</i>					
Emergency Food and Shelter National Program	97.024	COVID	N/A	73,535	-
<b><u>Other governmental awards</u></b>					
<i>Pima County Health Department -</i>					
Tobacco Program	N/A	N/A	CT-HD-18-427	\$ -	\$ 51,000

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.  
DBA TUCSON INDIAN CENTER**

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS - continued  
Year ended June 30, 2021

<u>Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Additional Award ID</u>	<u>Grant/FAIN number</u>	<u>Expenditures</u>	
				<u>Federal</u>	<u>Other</u>
<b><u>Other governmental awards, continued</u></b>					
<i>Pima County Human Resources Department -</i>					
Native American Employment Program	N/A	N/A	CT-HR-18*016	\$ -	\$ 15,000
TOTAL				\$ 2,823,761	\$ 66,000

**NOTE 1: Basis of accounting**

The accompanying schedule of expenditures of federal and other governmental awards (the schedule) includes the federal and other governmental award activity of the Organization under programs of federal, state and local governments for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations (CFR) 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, or cash flows of the Organization.

**NOTE 2: Summary of significant accounting policies**

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

(2) The Organization utilized a provisionally approved negotiated indirect cost rate of 25.65% for the year ended June 30, 2021.

**NOTE 3: Other information**

No amounts were paid to subrecipients, and no CFDA numbers belonged to part of a cluster.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.  
DBA TUCSON INDIAN CENTER**

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS - continued  
Year ended June 30, 2021

**NOTE 4: Federal expenditures by CFDA #**

<b>Federal CFDA number</b>	<b>Federal expenditures</b>	<b>Direct funds</b>
17.265	\$ 415,543	\$ 415,543
93.193	1,219,473	1,219,473
93.237	159,723	159,723
93.243	102,296	102,296
93.498	372,486	372,486
93.762	156,121	156,121
93.772	235,476	-
93.933	89,108	89,108
97.024	73,535	73,535
	\$ 2,823,761	\$ 2,588,285

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.**  
**DBA TUCSON INDIAN CENTER**  
SUMMARY OF PRIOR YEAR FINDINGS  
Year ended June 30, 2021

**FINDINGS/NON-COMPLIANCE**

None

# ATTACHMENT 3



**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,535,257	\$ 2,936,370
Contracts and grants receivable	251,428	366,594
Other receivables	3,804	945
Prepaid expenses and other assets	19,094	49,878
Property and equipment - Note 5	2,240,818	1,483,366
	\$ 5,050,401	\$ 4,837,153
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 179,319	\$ 114,479
Accrued expenses	94,299	76,750
Refundable advances - Note 6	2,073,904	2,543,520
Note payable - Note 7	1,496,366	1,513,182
	3,843,888	4,247,931
Net assets:		
Without donor restrictions:		
Available for operations	150,130	163,043
Expended on property and equipment	989,812	168,206
	1,139,942	331,249
With donor restrictions - Note 8	66,571	257,973
	1,206,513	589,222
	\$ 5,050,401	\$ 4,837,153

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended June 30, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenues:			
Governmental grants and assistance	\$ 4,387,202	\$ -	\$ 4,387,202
Other contracts	12,558	-	12,558
Contributions	26,465	54,657	81,122
Interest income	109	-	109
Rental income - Note 10	-	-	-
Community events	1,500	-	1,500
Miscellaneous	12	-	12
	<u>4,427,846</u>	<u>54,657</u>	<u>4,482,503</u>
Net assets released from restrictions	<u>246,059</u>	<u>(246,059)</u>	<u>-</u>
Total public support and revenues	4,673,905	(191,402)	4,482,503
Expenses:			
Program services	3,308,911	-	3,308,911
Management and general	506,593	-	506,593
Fundraising	49,708	-	49,708
Total expenses	<u>3,865,212</u>	<u>-</u>	<u>3,865,212</u>
Change in net assets	808,693	(191,402)	617,291
Net assets, beginning of year	<u>331,249</u>	<u>257,973</u>	<u>589,222</u>
Net assets, end of year	<u>\$ 1,139,942</u>	<u>\$ 66,571</u>	<u>\$ 1,206,513</u>

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended June 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenues:			
Governmental grants and assistance	\$ 2,889,761	\$ -	\$ 2,889,761
Other contracts	70,742	-	70,742
Contributions	44,558	100,000	144,558
Interest income	130	-	130
Rental income - Note 10	23,892	-	23,892
Community events	3,000	-	3,000
Miscellaneous	1,119	-	1,119
	<u>3,033,202</u>	<u>100,000</u>	<u>3,133,202</u>
Net assets released from restrictions	114,001	(114,001)	-
Total public support and revenues	<u>3,147,203</u>	<u>(14,001)</u>	<u>3,133,202</u>
Expenses:			
Program services	2,649,107	-	2,649,107
Management and general	469,658	-	469,658
Fundraising	41,125	-	41,125
Total expenses	<u>3,159,890</u>	<u>-</u>	<u>3,159,890</u>
Change in net assets	(12,687)	(14,001)	(26,688)
Net assets, beginning of year	<u>343,936</u>	<u>271,974</u>	<u>615,910</u>
Net assets, end of year	<u>\$ 331,249</u>	<u>\$ 257,973</u>	<u>\$ 589,222</u>

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2022

	<b>Program services</b>				<b>Total</b>	<b>Management and</b>		<b>Total</b>
	<b>Health</b>	<b>Wellness</b>	<b>employment education and training</b>	<b>Other</b>		<b>general</b>	<b>Fundraising</b>	
Salaries and wages	\$ 240,514	\$ 525,116	\$ 171,892	\$ 46,030	\$ 983,552	\$ 256,781	\$ 24,377	\$ 1,264,710
Payroll taxes	20,973	46,983	15,285	4,194	87,435	22,793	143	110,371
Other employee-related	63,442	80,453	24,808	7,921	176,624	40,298	173	217,095
	<u>324,929</u>	<u>652,552</u>	<u>211,985</u>	<u>58,145</u>	<u>1,247,611</u>	<u>319,872</u>	<u>24,693</u>	<u>1,592,176</u>
Client services	-	-	70,813	67,179	137,992	-	-	137,992
Contracted services	371,094	182,847	3,505	349	557,795	59,395	10,885	628,075
Community outreach	107	1,708	1,014	1,629	4,458	1,114	6,162	11,734
Depreciation expense	19,750	41,375	12,746	4,346	78,217	20,297	135	98,649
Dues, subscriptions & fees	23,921	2,993	71	665	27,650	1,823	525	29,998
Insurance	4,349	11,186	2,899	922	19,356	4,593	135	24,084
Interest expense	10,883	23,762	7,778	2,083	44,506	11,620	1,103	57,229
Meeting and events	8,903	48,748	6,256	10,453	74,360	2,118	1,652	78,130
Occupancy	30,074	57,748	17,398	4,638	109,858	28,716	2,430	141,004
Office supplies/equipment	78,810	16,587	12,177	3,831	111,405	9,849	119	121,373
Other expense	266	2,623	188	50	3,127	537	176	3,840
Postage/printing/copying	31,742	69,779	3,908	5,608	111,037	4,622	843	116,502
Professional fees	3,741	40,408	12,393	9,714	66,256	23,209	132	89,597
Program supplies and reference materials	280,718	321,649	233	20,904	623,504	348	-	623,852
Telephone	7,635	15,197	4,794	1,541	29,167	7,629	156	36,952
Training and conferences	3,841	7,904	2,651	75	14,471	661	-	15,132
Vehicle	8,041	34,276	4,531	1,293	48,141	10,190	562	58,893
	<u>\$ 1,208,804</u>	<u>\$ 1,531,342</u>	<u>\$ 375,340</u>	<u>\$ 193,425</u>	<u>\$ 3,308,911</u>	<u>\$ 506,593</u>	<u>\$ 49,708</u>	<u>\$ 3,865,212</u>

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2021

	<b>Program services</b>				<b>Total</b>	<b>Management and</b>		<b>Total</b>
	<b>Health</b>	<b>Wellness</b>	<b>employment education and training</b>	<b>Other</b>		<b>general</b>	<b>Fundraising</b>	
Salaries and wages	\$ 92,977	\$ 518,715	\$ 156,614	\$ 32,718	\$ 801,024	\$ 227,500	\$ 18,000	\$ 1,046,524
Payroll taxes	6,975	40,224	11,239	2,460	60,898	18,610	1,138	80,646
Other employee-related	29,805	97,747	24,171	5,455	157,178	39,720	-	196,898
	<u>129,757</u>	<u>656,686</u>	<u>192,024</u>	<u>40,633</u>	<u>1,019,100</u>	<u>285,830</u>	<u>19,138</u>	<u>1,324,068</u>
Client services	-	488	119,430	77,788	197,706	-	-	197,706
Contracted services	93,904	116,309	6,573	2,574	219,360	45,751	508	265,619
Community outreach	-	-	-	2,954	2,954	280	7,943	11,177
Depreciation expense	6,173	48,134	10,551	2,214	67,072	15,523	1,165	83,760
Dues, subscriptions & fees	33	1,720	56	11	1,820	3,268	304	5,392
Insurance	1,349	9,519	2,589	572	14,029	4,242	100	18,371
Interest expense	4,705	26,250	7,926	1,656	40,537	11,512	911	52,960
Meeting and events	811	22,531	5,660	1,977	30,979	2,148	6,539	39,666
Occupancy	10,157	66,736	17,109	3,574	97,576	24,853	1,966	124,395
Office supplies/equipment	25,611	27,092	11,619	1,470	65,792	23,145	116	89,053
Other expense	456	9,244	394	722	10,816	889	1,950	13,655
Postage/printing/copying	24,351	92,497	4,854	5,478	127,180	5,807	-	132,987
Professional fees	11,950	56,215	15,384	6,042	89,591	28,019	19	117,629
Program supplies and reference materials	146,445	372,351	14,520	51,942	585,258	-	-	585,258
Telephone	3,087	19,564	5,387	1,199	29,237	9,560	116	38,913
Training and conferences	3,482	7,149	525	92	11,248	877	-	12,125
Vehicle	2,426	31,522	4,148	756	38,852	7,954	350	47,156
	<u>\$ 464,697</u>	<u>\$ 1,564,007</u>	<u>\$ 418,749</u>	<u>\$ 201,654</u>	<u>\$ 2,649,107</u>	<u>\$ 469,658</u>	<u>\$ 41,125</u>	<u>\$ 3,159,890</u>

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
CONSOLIDATED 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	\$ 617,291	\$ (26,688)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	98,649	83,760
(Increase) decrease in operating assets:		
Contracts and grants receivable	115,166	95,790
Other receivables	(2,859)	2,643
Prepaid expenses and other assets	30,784	(25,683)
Increase (decrease) in operating liabilities:		
Accounts payable	64,840	75,338
Accrued expenses	17,549	(3,270)
Refundable advances	(469,616)	986,000
Net cash provided by operating activities	<u>471,804</u>	<u>1,187,890</u>
Net cash (used in) investing activities -		
Purchase of property and equipment	(856,101)	(55,279)
Net cash (used in) financing activities -		
Repayment of note payable	<u>(16,816)</u>	<u>-</u>
Net change in cash and cash equivalents	(401,113)	1,132,611
Cash and cash equivalents, beginning of year	<u>2,936,370</u>	<u>1,803,759</u>
Cash and cash equivalents, end of year	<u>\$ 2,535,257</u>	<u>\$ 2,936,370</u>
<u>Supplemental disclosure:</u>		
Cash paid for interest:	<u>\$ 57,229</u>	<u>\$ 52,960</u>
Cash paid for income taxes:	<u>\$ 50</u>	<u>\$ 50</u>

See Accompanying Notes.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021

**NOTE 1 – Nature of operations**

American Indian Association of Tucson, Inc. was established to provide various program services and assistance to Native Americans and other disadvantaged people in Pima County, Arizona. Specific programs address health and wellness, employment education and training, and emergency needs of the population served. Funding is received primarily from federal, state and local government agencies, other nonprofit organizations and from private and corporate donors.

The major programs of American Indian Association of Tucson, Inc are as follows:

- *Health* – Provides COVID-19 vaccinations and tests to the community.
- *Wellness* – Provides health assessment and case management services, group and one-on-one educational workshops and activities, transportation services to and from the local Indian Health Service clinic and prescription medication pick-up and delivery services.
- *Employment education and training* – Provides employment services such as job development and education services such as vocational training assistance or referrals.
- *Other programs:*
  - *Leadership development* – Funded by a grant from the Marguerite Casey Foundation to promote community mobilization within the Native American community in Tucson.
  - *Emergency services* – Assists Pima County residents to prevent homelessness by providing mortgage/rental and utilities assistance.

During the year ended June 30, 2017, American Indian Association of Tucson, Inc. established AIA 160, LLC (the LLC), an Arizona limited liability company wholly owned by American Indian Association of Tucson, Inc. The LLC was formed to own, maintain and operate property leased to American Indian Association of Tucson, Inc. and another unrelated non-profit.

American Indian Association of Tucson, Inc. and AIA 160, LLC are herein collectively referred to as “Tucson Indian Center” or “the Center.”

**NOTE 2 – Summary of significant accounting policies**

*Principles of consolidation*

The consolidated financial statements include the accounts of American Indian Association of Tucson, Inc. and AIA 160, LLC. All significant inter-organization accounts and transactions have been eliminated.

*Cash and cash equivalents*

The Center considers all cash and highly liquid investments with an original maturity of three months or less which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. The Center had no restricted cash as of either June 30, 2022 or 2021.

*Contracts and grants receivable*

Contracts and grants receivable are considered unconditional promises to give. The Center records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE**  
**DBA TUCSON INDIAN CENTER**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2022 and 2021

**NOTE 2 – Summary of significant accounting policies – continued**

discounts is included in contribution revenue in the consolidated statements of activities. Contracts and grants receivable at both June 30, 2022 and 2021 are due within one year. At June 30, 2022 and 2021, receivables were considered fully collectible by management, therefore no allowance for doubtful accounts has been provided.

*Property and equipment*

Purchased property and equipment in excess of \$5,000 are capitalized at cost. Donated property and equipment is recorded at fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

The Center reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Center has determined that there were no indicators of asset impairment as of either June 30, 2022 or 2021.

*Vacation pay*

Vacation pay is accrued as a liability when earned by employees since the employees have vested rights to this employee benefit.

*Net assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

The Center reports contributions restricted by donors 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 contribution 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 consolidated statements of activities as net assets released from restrictions.

*Revenue and contribution recognition*

The Center records fundraising event revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. The Center recognizes rent revenue evenly over the terms of the tenant lease on the accrual basis. Rental receipts received in advance are deferred until earned.

The Center recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a



**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2022 and 2021

**NOTE 2 – Summary of significant accounting policies – continued**

measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Center's contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2022 and 2021, conditional grants approximating \$378,580 and \$651,665, respectively, representing the unexpended portion of the Center's governmental awards have not been recognized as revenue in the accompanying financial statements.

Under the terms of certain governmental awards, the Center receives funds in arrears on a reimbursement basis and receives grant payments only after the related conditions have been satisfied and revenue has been recognized. Other governmental awards are received in advance, resulting in cash advances on these unexpended awards which are reported as refundable advances in the accompanying consolidated statements of financial position.

Other contract revenue is recognized in the period in which the related services are performed. The performance obligation consists of providing various services to Native Americans and other disadvantaged people in Pima County, Arizona. Services are simultaneously received and consumed.

*In-kind contributions*

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services. The Center does not sell donated gifts-in-kind. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during either of the years ended June 30, 2022 or 2021.

Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

The Center's volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

*Program supplies and reference materials*

These are expenditures such as food, clothing, bus passes, and other items directly provided as part of programs that are given to clients. Reference materials provided to clients include brochures and pamphlets about programs at the Center.

*Functional allocation of expenses*

The general approach to allocating costs to the various functions of the Center follows:

- All direct costs are charged to activities and functions;
- Costs that can be identified to more than one activity are prorated individually using a base appropriate to the particular cost being prorated;

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2022 and 2021

**NOTE 2 – Summary of significant accounting policies – continued**

- All other allowable administrative costs (costs that benefit all activities and cannot be identified to a specific function) are allocated using a base that results in an equitable distribution.

*Income tax status*

American Indian Association of Tucson, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to American Indian Association of Tucson, Inc.'s tax-exempt purpose may be subject to taxation as unrelated business income. In addition, American Indian Association of Tucson, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The LLC, as a single member LLC, is a disregarded entity for tax purposes.

Management considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the organization's status as a not-for-profit entity. Management believes that the Center met the requirements to maintain its tax-exempt status therefore, no provision for income taxes has been provided in these consolidated financial statements. The Center had rental income that was subject to nominal unrelated business income tax and, accordingly, filed an *Exempt Organization Business Income Tax Return* (Form 990-T) with the Internal Revenue Service (IRS) for the year ended June 30, 2021.

*Use of estimates*

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

*Financial instruments and credit risk*

The Center manages deposit concentration risk by placing cash, certificates of deposit and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Center has not experienced losses in any of these accounts. As of June 30, 2022, uninsured cash and cash equivalents totaled \$1,598,431.

Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Center's mission; however, there is a potential credit risk and accounting loss that could occur if all parties to the receivables fail to perform their obligations for the stated amounts.

**NOTE 3 – Line of credit**

During the year ended June 30, 2020, the Center obtained a \$100,000 revolving line of credit with a financial institution to be drawn as needed. The line of credit bears interest at 9.63% above the prime rate per annum. The line is secured by inventory, receivables and equipment. There was no outstanding balance on the line of credit at either June 30, 2022 or 2021.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2022 and 2021

**NOTE 4 – Subsequent events**

Management has evaluated subsequent events through \_\_\_\_\_ which is the date the financial statements were available to be issued.

**NOTE 5 – Property and equipment**

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

	2022	2021
Land	\$ 320,771	\$ 320,771
Building and improvements	1,390,316	1,378,920
Furniture, fixtures and equipment	221,003	120,117
Construction-in-progress	743,819	-
	2,675,909	1,819,808
Less accumulated depreciation	(435,091)	(336,442)
	\$ 2,240,818	\$ 1,483,366

**NOTE 6 – Refundable advances**

Cost-reimbursable federal and state grants and contracts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. These refundable advances totaled \$2,073,904 and \$2,543,520 as of June 30, 2022 and 2021, respectively.

**NOTE 7 – Note payable**

During the year ended June 30, 2017, The LLC entered into a mortgage loan collateralized by the land and building. The loan bears interest at 3.5% per annum and monthly repayment of principal begins February 2022. Payments on the note payable shall be \$6,795 monthly with a balloon payment due January 2025. The outstanding balance was \$1,496,366 and \$1,513,182 at June 30, 2022 and 2021, respectively. Annual required principal payments on the note payable are as follows:

Year ending June 30, 2023	\$ 29,640
2024	30,693
2025	1,436,033
	\$ 1,496,366

**NOTE 8 – Net assets with donor restrictions**

Net assets with donor restrictions (specified purpose) activity follows for the year ended June 30, 2022:

	Beginning balance	Additions	Releases	Ending balance
Develop healthy families	\$ 157,973	\$ -	\$ (136,059)	\$ 21,914
Bicycle program	-	37,695	-	37,695
Vaccine incentives	-	10,000	(10,000)	-
Other programs	-	6,962	-	6,962
Timing	100,000	-	(100,000)	-
	\$ 257,973	\$ 54,657	\$ (246,059)	\$ 66,571

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. AND AFFILIATE  
DBA TUCSON INDIAN CENTER**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
June 30, 2022 and 2021

**NOTE 8 – Net assets with donor restrictions – continued**

Net assets with donor restrictions (specified purpose) activity follows for the year ended June 30, 2021:

	Beginning balance	Additions	Releases	Ending balance
Develop healthy families	\$ 270,274	\$ -	\$ (112,301)	\$ 157,973
Bicycle program	-	-	-	-
Vaccine incentives	-	-	-	-
Other programs	1,700	-	(1,700)	-
Timing	-	100,000	-	100,000
	<u>\$ 271,974</u>	<u>\$ 100,000</u>	<u>\$ (114,001)</u>	<u>\$ 257,973</u>

**NOTE 9 – Pension plan**

The Center has a 401(k) plan, which covers substantially all employees. The Plan requires nondiscretionary employer contributions as a percentage of compensation for eligible employees, which was 5% for both of the years ended June 30, 2022 and 2021. In addition, the Center provides a discretionary match of participant contributions. Pension plan contributions totaled \$47,541 and \$37,222 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 10 – Rent income**

The LLC rented space to other nonprofit entities (primarily American Indian Association of Tucson, Inc.) under non-cancelable leases with varying terms and expiration dates. Rent paid to the LLC by American Indian Association of Tucson, Inc. was eliminated in consolidation for financial statement presentation. Gross rental income after elimination was \$- and \$23,892 for the years ended June 30, 2022 and 2021, respectively. At March 31, 2021, American Indian Association of Tucson, Inc. began renting the entire building in anticipation of expanding their services.

**NOTE 11 – Concentrations of revenue**

The Center participates in a number of Federal and State assisted grant and contract programs, and a significant reduction in this level of support, if it were to occur, would have a material effect on the programs and activities of the Center. The governmental agency funding is subject to compliance audits. Assessments from these audits, if any, are recorded when the amounts of such assessments are reasonably determinable.

**NOTE 12 – Liquidity and availability**

Financial assets available for general expenditure (without donor or other restrictions limiting their use) within one year of the consolidated statement of financial position date are the following at June 30:

	2022	2021
Cash and cash equivalents	\$ 389,066	\$ 134,877
Receivables	255,232	367,539
	<u>\$ 644,298</u>	<u>\$ 502,416</u>

As part of the Center's liquidity management plan, cash in excess of annual operating requirements is invested in savings accounts.

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.**  
**DBA TUCSON INDIAN CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2022

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:  
No material weaknesses identified.  
No significant deficiencies identified.

No noncompliance material to financial statements noted.

**Federal awards**

Internal control over major programs:  
No material weaknesses identified.  
No significant deficiencies identified.

Type of auditor’s report issued on compliance for major programs: Unmodified

No audit findings disclosed as required to be reported in accordance with 2 CFR section 200.516(a)

Identification of major programs:

93.193 Urban Indian Health Services

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

Auditee qualified as a low risk auditee.

**SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.**  
**DBA TUCSON INDIAN CENTER**  
SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS  
Year ended June 30, 2022

<u>Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Additional Award ID</u>	<u>Grant/FAIN number</u>	<u>Expenditures</u>	
				<u>Federal</u>	<u>Other</u>
<b><u>U.S. Department of Labor</u></b>					
<i>Direct:</i>					
Native American Employment and Training	17.265	N/A	AB-36637-21-60A-4	\$ 341,055	\$ -
Native American Employment and Training	17.265	N/A	AB-34910-20-60-A-4	10,336	-
<b><u>U.S. Department of Health and Human Services</u></b>					
<i>Direct:</i>					
Urban Indian Health Services	93.193	N/A	HHS1249201600001C	853,263	-
Urban Indian Health Services	93.193	N/A	H722IHS0142-19-00	195,512	-
Urban Indian Health Services	93.193	N/A	H722IHS0142-20-00	13,951	-
Urban Indian Health Services	93.193	N/A	75H71421C00001	2,116,593	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	1H79SM0826683-01	147,704	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	1H79SM0826683-02	52,243	-
Special Diabetes Programs for Indians - Diabetes Prevention and Treatment Projects	93.237	N/A	H1D1IHS0415-20-00	126,389	-
Special Diabetes Programs for Indians - Diabetes Prevention and Treatment Projects	93.237	N/A	H1D1IHS0415-20-03	115,001	-
Demonstration Projects for Indian Health	93.933	N/A	BH16IHS0109-05-00	33,981	-
A Comprehensive Approach to Good Health and Wellness in Indian County	93.762	N/A	NU58DP00602-03-02	117,995	-
<i>Passed through Partners in Health:</i>					
National Organizations of State and Local Officials	93.011	COVID	AVA0650.TIC.92021	130,000	-
<b><u>U.S. Department of Homeland Security</u></b>					
<i>Direct:</i>					
Emergency Food and Shelter National Program	97.024	COVID	N/A	67,179	-
<b><u>Other governmental awards</u></b>					
<i>Pima County Health Department -</i>					
Tobacco Program	N/A	N/A	CT-HD-18-427	-	51,000
<i>Pima County Human Resources Department -</i>					
Native American Employment Program	N/A	N/A	CT-HR-18*016	-	15,000
TOTAL				\$ 4,321,202	\$ 66,000

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.  
DBA TUCSON INDIAN CENTER**

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS - continued  
Year ended June 30, 2022

**NOTE 1: Basis of accounting**

The accompanying schedule of expenditures of federal and other governmental awards (the schedule) includes the federal and other governmental award activity of the Organization under programs of federal, state and local governments for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations (CFR) 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, or cash flows of the Organization.

**NOTE 2: Summary of significant accounting policies**

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

(2) The Organization utilized a provisionally approved negotiated indirect cost rate of 25.65% for the year ended June 30, 2022.

**NOTE 3: Other information**

No amounts were paid to subrecipients, and no Assistance Listing numbers belonged to part of a cluster.

**NOTE 4: Federal expenditures by CFDA #**

Federal CFDA number	Federal expenditures	Direct funds
17.265	\$ 351,391	\$ 351,391
93.011	130,000	-
93.193	3,179,319	3,179,319
93.237	241,390	241,390
93.243	199,947	199,947
93.762	117,995	117,995
93.933	33,981	33,981
97.024	67,179	67,179
	<u>\$ 4,321,202</u>	<u>\$ 4,191,202</u>

**AMERICAN INDIAN ASSOCIATION OF TUCSON, INC.**  
**DBA TUCSON INDIAN CENTER**  
SUMMARY OF PRIOR YEAR FINDINGS  
Year ended June 30, 2022

**FINDINGS/NON-COMPLIANCE**

None

PRELIMINARY DRAFT



# ATTACHMENT 4



# AGENDA MATERIAL

DATE 2-21-23 ITEM NO. RA 160

## BOARD OF SUPERVISORS AGENDA ITEM REPORT CONTRACTS / AWARDS / GRANTS

Award  Contract  Grant

Requested Board Meeting Date: March 21, 2023

\* = Mandatory, information must be provided

or Procurement Director Award

**\*Contractor/Vendor Name/Grantor (DBA):**

American Indian Association of Tucson, Inc. dba Tucson Indian Center

**\*Project Title/Description:**

Amendment 1 to Promissory Note Related to Purchase and Sale Agreement of 160 N Stone

**\*Purpose:**

Extend the note related to the sale of 160 N Stone Avenue ("Premises") by 13 years and 42 days, decreasing the principal balance on the note by \$33,980.00 to reflect payments made to date, eliminating the balloon payment due by January 18, 2025 and increasing the interest rate on the note from 3.5% to 5.5%. This item was on the Board of Supervisors Agenda on February 7, 2023 and was continued at the request of the Board to February 21, 2023. At the request of the County Administrator, the item was further continued to March 21, 2023 to allow for update of the effective date on the proposed amended repayment schedule from February 1, 2023 to April 1, 2023, reflecting payments made by the Tucson Indian Center in the interim based on the original repayment schedule.

**\*Procurement Method:**

Exempt per Section 11.04.020

**\*Program Goals/Predicted Outcomes:**

Tucson Indian Center will continue to own the Premises subject to the Non-Recourse Deed of Trust and Assignment of Rents securing the Note. The Note amendment will mitigate the impact of a balloon payment, allowing for the Tucson Indian Center to continue provision of services in Downtown Tucson.

**\*Public Benefit:**

Tucson Indian Center provides a range of cultural activities and emergency assistance solutions, including housing, wellness, employment, and advocacy services.

**\*Metrics Available to Measure Performance:**

Increased interest earned reflecting current market conditions.

**\*Retroactive:**

No.

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TO: COB, 3-9-2023 ①  
Vers.: 3  
pgs.: 7

**Contract / Award Information**

Document Type: \_\_\_\_\_ Department Code: \_\_\_\_\_ Contract Number (i.e., 15-123): \_\_\_\_\_  
Commencement Date: \_\_\_\_\_ Termination Date: \_\_\_\_\_ Prior Contract Number (Synergen/CMS): \_\_\_\_\_  
 Expense Amount: \$\* \_\_\_\_\_  Revenue Amount: \$ \_\_\_\_\_

**\*Funding Source(s) required:**

Funding from General Fund?  Yes  No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

Contract is fully or partially funded with Federal Funds?  Yes  No

**If Yes, is the Contract to a vendor or subrecipient?**

Were insurance or indemnity clauses modified?  Yes  No

*If Yes, attach Risk's approval.*

Vendor is using a Social Security Number?  Yes  No

*If Yes, attach the required form per Administrative Procedure 22-10.*

**Amendment / Revised Award Information**

Document Type: CTN Department Code: FM Contract Number (i.e., 15-123): 17-014

Amendment No.: 04 AMS Version No.: 7

Commencement Date: 04/01/2023 New Termination Date: 03/01/2038

Prior Contract No. (Synergen/CMS): n/a

Expense or  Revenue  Increase  Decrease Amount This Amendment: \$ (33,980.00)

Is there revenue included?  Yes  No If Yes \$ \$ \_\_\_\_\_

**\*Funding Source(s) required:** Revenue Contract

Funding from General Fund?  Yes  No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

**Grant/Amendment Information** (for grants acceptance and awards)  Award  Amendment

Document Type: \_\_\_\_\_ Department Code: \_\_\_\_\_ Grant Number (i.e., 15-123): \_\_\_\_\_

Commencement Date: \_\_\_\_\_ Termination Date: \_\_\_\_\_ Amendment Number: \_\_\_\_\_

Match Amount: \$ \_\_\_\_\_  Revenue Amount: \$ \_\_\_\_\_

**\*All Funding Source(s) required:**

\*Match funding from General Fund?  Yes  No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

\*Match funding from other sources?  Yes  No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

\*Funding Source: \_\_\_\_\_

**\*If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?**

Contact: Tina Tellez

Department: Facilities Management Telephone: 520-724-3393

Department Director Signature/Date:  3-8-2023

Deputy County Administrator Signature/Date:  3/8/2023

County Administrator Signature/Date:  3/8/2023

*(Required for Board Agenda/Addendum Items)*

**Pima County Department of Facilities Management**

**Project: Amendment 1 to Promissory Note Related to Purchase and Sale Agreement of 160 N Stone**

**Contractor: American Indian Association of Tucson, Inc. dba Tucson Indian Center**

**Amount: \$2,175,535.80 (Principal and Interest)**

**Contract No.: CTN-FM-17\*014**

**Contract Amendment No.: 04**

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<b>Orig. Contract Term:</b> 07/29/2016 – 11/29/2016	<b>Orig. Amount:</b>	\$1,513,182.00
<b>Termination Date Prior Amendment:</b> 01/18/2025	<b>Prior Amendments Amount:</b>	\$ 0.00
<b>Termination Date This Amendment:</b> 03/01/2038	<b>This Amendment Amount:</b>	\$ 662,353.80
	<b>Revised Total Amount:</b>	\$2,175,535.80

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**AMENDMENT 1 TO PROMISSORY NOTE  
(Non-Recourse)**

**THIS AMENDMENT TO PROMISSORY NOTE** (this "**Agreement**"), dated as of March 21, 2023, is between American Indian Association of Tucson, Inc. ("Maker") and Pima County, Arizona, a political subdivision of the State of Arizona ("County").

**Recitals**

**WHEREAS**, Maker and County are parties to that certain Purchase and Sale Agreement on July 19, 2016 known by the County as CTN-FM-17\*014 ("Contract"), in the amount of \$1,507,500.00 plus fifty percent of closing costs up to \$10,000; and

**WHEREAS**, Maker executed and delivered that certain Promissory Note ("Note") relating to the Purchase and Sale Agreement, dated as of January 18, 2017, in the amount of \$1,507,500.00 plus closing costs of \$5,682.00 for a total of \$1,513,182.00, for the benefit of the County; and

**WHEREAS**, the Note was related to the purchase price and closing costs for the sale of 160 N Stone by the County to the Maker; and

**WHEREAS**, the Non-Recourse Deed of Trust and Assignment of Rents securing the Note is dated January 18, 2017, and is recorded in the Pima County Recorder's Office on the same date in Sequence No. 20170180658; and

**WHEREAS**, Maker has made principal payments of \$33,980.00 and interest payments of \$352,343.00 in accordance with the Note; and

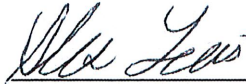
**WHEREAS**, the total unpaid principal amount effective April 1, 2023 will be \$1,479,202.00.

**NOW, THEREFORE**, Maker and County desire to amend the Note as follows:

1. Section 1.4 of the Note is replaced in its entirety, effective April 1, 2023, to the following: **"Interest:** interest on the unpaid Principal, accruing at the rate of 5.5% per annum until fully paid."
2. Section 1.9 of the Note is replaced in its entirety, effective April 1, 2023, to the following: **"Principal:** the principal sum due under this Note, which is in the amount of \$1,479,202.00."
3. Exhibit B of the Note is replaced in its entirety, effective April 1, 2023, with the amended Exhibit B attached to this Agreement.
4. All references to the Principal, Interest, and to Exhibit B contained in the Note shall be deemed to refer to the Principal, Interest, and to Exhibit B as amended by this Agreement, respectively, as the same may be further amended, restated, replaced, supplemented or otherwise modified from time to time.
5. All other terms and conditions in the Note remain in full force and effect without change, except as otherwise specifically provided, and will be construed in accordance with the laws of the State of Arizona.
6. This Amendment will be attached to the original Note and by this reference made a part of the Note.

IN WITNESS WHEREOF, Maker and County have executed this Note as of March 21, 2023, with the amended terms taking effect on April 1, 2023.

AMERICAN INDIAN ASSOCIATION OF TUCSON, INC. as Maker:

By:   
Alex Lewis, Chairman of the Board of Directors

PIMA COUNTY:

By: \_\_\_\_\_  
Adelita S. Grijalva, Chair of the Board of Supervisors

By: \_\_\_\_\_  
Melissa Manriquez, Clerk of the Board of Supervisors

APPROVED AS TO CONTENT:

By:   
Lisa Josker, Facilities Management Director

APPROVED AS TO FORM:

By:   
Bobby Yu, Deputy County Attorney

**AMENDED EXHIBIT B  
PAYMENT SCHEDULE EFFECTIVE 4/1/2023**

**LOAN VALUES**

<i>Loan amount</i>	\$1,479,202.00
<i>Annual interest rate</i>	5.50%
<i>Loan period in years</i>	15
<i>Start date of loan</i>	4/1/2023

**LOAN SUMMARY**

<i>Monthly payment</i>	\$12,086.31
<i>Number of payments</i>	180
<i>Total interest</i>	\$696,333.80
<i>Total cost of loan</i>	\$2,175,535.80

<b>PMT NO.</b>	<b>PAYMENT DATE</b>	<b>BEGINNING BALANCE</b>	<b>PAYMENT</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>ENDING BALANCE</b>
1	4/1/2023	\$1,479,202.00	\$12,086.31	\$5,306.64	\$6,779.67	\$1,473,895.36
2	5/1/2023	\$1,473,895.36	\$12,086.31	\$5,330.96	\$6,755.35	\$1,468,564.40
3	6/1/2023	\$1,468,564.40	\$12,086.31	\$5,355.39	\$6,730.92	\$1,463,209.01
4	7/1/2023	\$1,463,209.01	\$12,086.31	\$5,379.94	\$6,706.37	\$1,457,829.07
5	8/1/2023	\$1,457,829.07	\$12,086.31	\$5,404.60	\$6,681.71	\$1,452,424.47
6	9/1/2023	\$1,452,424.47	\$12,086.31	\$5,429.37	\$6,656.94	\$1,446,995.10
7	10/1/2023	\$1,446,995.10	\$12,086.31	\$5,454.25	\$6,632.06	\$1,441,540.85
8	11/1/2023	\$1,441,540.85	\$12,086.31	\$5,479.25	\$6,607.06	\$1,436,061.60
9	12/1/2023	\$1,436,061.60	\$12,086.31	\$5,504.37	\$6,581.94	\$1,430,557.23
10	1/1/2024	\$1,430,557.23	\$12,086.31	\$5,529.59	\$6,556.72	\$1,425,027.64
11	2/1/2024	\$1,425,027.64	\$12,086.31	\$5,554.94	\$6,531.37	\$1,419,472.70
12	3/1/2024	\$1,419,472.70	\$12,086.31	\$5,580.40	\$6,505.91	\$1,413,892.30
13	4/1/2024	\$1,413,892.30	\$12,086.31	\$5,605.98	\$6,480.33	\$1,408,286.32
14	5/1/2024	\$1,408,286.32	\$12,086.31	\$5,631.67	\$6,454.64	\$1,402,654.65
15	6/1/2024	\$1,402,654.65	\$12,086.31	\$5,657.48	\$6,428.83	\$1,396,997.17
16	7/1/2024	\$1,396,997.17	\$12,086.31	\$5,683.41	\$6,402.90	\$1,391,313.76
17	8/1/2024	\$1,391,313.76	\$12,086.31	\$5,709.46	\$6,376.85	\$1,385,604.30
18	9/1/2024	\$1,385,604.30	\$12,086.31	\$5,735.63	\$6,350.68	\$1,379,868.67
19	10/1/2024	\$1,379,868.67	\$12,086.31	\$5,761.92	\$6,324.39	\$1,374,106.75
20	11/1/2024	\$1,374,106.75	\$12,086.31	\$5,788.33	\$6,297.98	\$1,368,318.42
21	12/1/2024	\$1,368,318.42	\$12,086.31	\$5,814.86	\$6,271.45	\$1,362,503.56
22	1/1/2025	\$1,362,503.56	\$12,086.31	\$5,841.51	\$6,244.80	\$1,356,662.05
23	2/1/2025	\$1,356,662.05	\$12,086.31	\$5,868.28	\$6,218.03	\$1,350,793.77
24	3/1/2025	\$1,350,793.77	\$12,086.31	\$5,895.18	\$6,191.13	\$1,344,898.59
25	4/1/2025	\$1,344,898.59	\$12,086.31	\$5,922.20	\$6,164.11	\$1,338,976.39
26	5/1/2025	\$1,338,976.39	\$12,086.31	\$5,949.34	\$6,136.97	\$1,333,027.05
27	6/1/2025	\$1,333,027.05	\$12,086.31	\$5,976.61	\$6,109.70	\$1,327,050.44
28	7/1/2025	\$1,327,050.44	\$12,086.31	\$6,004.00	\$6,082.31	\$1,321,046.44
29	8/1/2025	\$1,321,046.44	\$12,086.31	\$6,031.52	\$6,054.79	\$1,315,014.92
30	9/1/2025	\$1,315,014.92	\$12,086.31	\$6,059.16	\$6,027.15	\$1,308,955.76
31	10/1/2025	\$1,308,955.76	\$12,086.31	\$6,086.93	\$5,999.38	\$1,302,868.83
32	11/1/2025	\$1,302,868.83	\$12,086.31	\$6,114.83	\$5,971.48	\$1,296,754.00
33	12/1/2025	\$1,296,754.00	\$12,086.31	\$6,142.86	\$5,943.45	\$1,290,611.14
34	1/1/2026	\$1,290,611.14	\$12,086.31	\$6,171.01	\$5,915.30	\$1,284,440.13
35	2/1/2026	\$1,284,440.13	\$12,086.31	\$6,199.30	\$5,887.01	\$1,278,240.83
36	3/1/2026	\$1,278,240.83	\$12,086.31	\$6,227.71	\$5,858.60	\$1,272,013.12
37	4/1/2026	\$1,272,013.12	\$12,086.31	\$6,256.25	\$5,830.06	\$1,265,756.87
38	5/1/2026	\$1,265,756.87	\$12,086.31	\$6,284.93	\$5,801.38	\$1,259,471.94
39	6/1/2026	\$1,259,471.94	\$12,086.31	\$6,313.74	\$5,772.57	\$1,253,158.20
40	7/1/2026	\$1,253,158.20	\$12,086.31	\$6,342.67	\$5,743.64	\$1,246,815.53
41	8/1/2026	\$1,246,815.53	\$12,086.31	\$6,371.74	\$5,714.57	\$1,240,443.79
42	9/1/2026	\$1,240,443.79	\$12,086.31	\$6,400.95	\$5,685.36	\$1,234,042.84
43	10/1/2026	\$1,234,042.84	\$12,086.31	\$6,430.29	\$5,656.02	\$1,227,612.55
44	11/1/2026	\$1,227,612.55	\$12,086.31	\$6,459.76	\$5,626.55	\$1,221,152.79
45	12/1/2026	\$1,221,152.79	\$12,086.31	\$6,489.36	\$5,596.95	\$1,214,663.43

PMT NO.	PAYMENT DATE	BEGINNING BALANCE	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE
46	1/1/2027	\$1,214,663.43	\$12,086.31	\$6,519.11	\$5,567.20	\$1,208,144.32
47	2/1/2027	\$1,208,144.32	\$12,086.31	\$6,548.99	\$5,537.32	\$1,201,595.33
48	3/1/2027	\$1,201,595.33	\$12,086.31	\$6,579.00	\$5,507.31	\$1,195,016.33
49	4/1/2027	\$1,195,016.33	\$12,086.31	\$6,609.16	\$5,477.15	\$1,188,407.17
50	5/1/2027	\$1,188,407.17	\$12,086.31	\$6,639.45	\$5,446.86	\$1,181,767.72
51	6/1/2027	\$1,181,767.72	\$12,086.31	\$6,669.88	\$5,416.43	\$1,175,097.84
52	7/1/2027	\$1,175,097.84	\$12,086.31	\$6,700.45	\$5,385.86	\$1,168,397.39
53	8/1/2027	\$1,168,397.39	\$12,086.31	\$6,731.16	\$5,355.15	\$1,161,666.23
54	9/1/2027	\$1,161,666.23	\$12,086.31	\$6,762.01	\$5,324.30	\$1,154,904.22
55	10/1/2027	\$1,154,904.22	\$12,086.31	\$6,793.00	\$5,293.31	\$1,148,111.22
56	11/1/2027	\$1,148,111.22	\$12,086.31	\$6,824.14	\$5,262.17	\$1,141,287.08
57	12/1/2027	\$1,141,287.08	\$12,086.31	\$6,855.42	\$5,230.89	\$1,134,431.66
58	1/1/2028	\$1,134,431.66	\$12,086.31	\$6,886.84	\$5,199.47	\$1,127,544.82
59	2/1/2028	\$1,127,544.82	\$12,086.31	\$6,918.40	\$5,167.91	\$1,120,626.42
60	3/1/2028	\$1,120,626.42	\$12,086.31	\$6,950.11	\$5,136.20	\$1,113,676.31
61	4/1/2028	\$1,113,676.31	\$12,086.31	\$6,981.96	\$5,104.35	\$1,106,694.35
62	5/1/2028	\$1,106,694.35	\$12,086.31	\$7,013.97	\$5,072.34	\$1,099,680.38
63	6/1/2028	\$1,099,680.38	\$12,086.31	\$7,046.11	\$5,040.20	\$1,092,634.27
64	7/1/2028	\$1,092,634.27	\$12,086.31	\$7,078.41	\$5,007.90	\$1,085,555.86
65	8/1/2028	\$1,085,555.86	\$12,086.31	\$7,110.85	\$4,975.46	\$1,078,445.01
66	9/1/2028	\$1,078,445.01	\$12,086.31	\$7,143.44	\$4,942.87	\$1,071,301.57
67	10/1/2028	\$1,071,301.57	\$12,086.31	\$7,176.18	\$4,910.13	\$1,064,125.39
68	11/1/2028	\$1,064,125.39	\$12,086.31	\$7,209.07	\$4,877.24	\$1,056,916.32
69	12/1/2028	\$1,056,916.32	\$12,086.31	\$7,242.11	\$4,844.20	\$1,049,674.21
70	1/1/2029	\$1,049,674.21	\$12,086.31	\$7,275.31	\$4,811.00	\$1,042,398.90
71	2/1/2029	\$1,042,398.90	\$12,086.31	\$7,308.65	\$4,777.66	\$1,035,090.25
72	3/1/2029	\$1,035,090.25	\$12,086.31	\$7,342.15	\$4,744.16	\$1,027,748.10
73	4/1/2029	\$1,027,748.10	\$12,086.31	\$7,375.80	\$4,710.51	\$1,020,372.30
74	5/1/2029	\$1,020,372.30	\$12,086.31	\$7,409.61	\$4,676.70	\$1,012,962.69
75	6/1/2029	\$1,012,962.69	\$12,086.31	\$7,443.57	\$4,642.74	\$1,005,519.12
76	7/1/2029	\$1,005,519.12	\$12,086.31	\$7,477.69	\$4,608.62	\$998,041.43
77	8/1/2029	\$998,041.43	\$12,086.31	\$7,511.96	\$4,574.35	\$990,529.47
78	9/1/2029	\$990,529.47	\$12,086.31	\$7,546.39	\$4,539.92	\$982,983.08
79	10/1/2029	\$982,983.08	\$12,086.31	\$7,580.98	\$4,505.33	\$975,402.10
80	11/1/2029	\$975,402.10	\$12,086.31	\$7,615.72	\$4,470.59	\$967,786.38
81	12/1/2029	\$967,786.38	\$12,086.31	\$7,650.63	\$4,435.68	\$960,135.75
82	1/1/2030	\$960,135.75	\$12,086.31	\$7,685.69	\$4,400.62	\$952,450.06
83	2/1/2030	\$952,450.06	\$12,086.31	\$7,720.92	\$4,365.39	\$944,729.14
84	3/1/2030	\$944,729.14	\$12,086.31	\$7,756.31	\$4,330.00	\$936,972.83
85	4/1/2030	\$936,972.83	\$12,086.31	\$7,791.86	\$4,294.45	\$929,180.97
86	5/1/2030	\$929,180.97	\$12,086.31	\$7,827.57	\$4,258.74	\$921,353.40
87	6/1/2030	\$921,353.40	\$12,086.31	\$7,863.44	\$4,222.87	\$913,489.96
88	7/1/2030	\$913,489.96	\$12,086.31	\$7,899.49	\$4,186.82	\$905,590.47
89	8/1/2030	\$905,590.47	\$12,086.31	\$7,935.69	\$4,150.62	\$897,654.78
90	9/1/2030	\$897,654.78	\$12,086.31	\$7,972.06	\$4,114.25	\$889,682.72
91	10/1/2030	\$889,682.72	\$12,086.31	\$8,008.60	\$4,077.71	\$881,674.12
92	11/1/2030	\$881,674.12	\$12,086.31	\$8,045.31	\$4,041.00	\$873,628.81
93	12/1/2030	\$873,628.81	\$12,086.31	\$8,082.18	\$4,004.13	\$865,546.63
94	1/1/2031	\$865,546.63	\$12,086.31	\$8,119.23	\$3,967.08	\$857,427.40
95	2/1/2031	\$857,427.40	\$12,086.31	\$8,156.44	\$3,929.87	\$849,270.96
96	3/1/2031	\$849,270.96	\$12,086.31	\$8,193.82	\$3,892.49	\$841,077.14
97	4/1/2031	\$841,077.14	\$12,086.31	\$8,231.38	\$3,854.93	\$832,845.76
98	5/1/2031	\$832,845.76	\$12,086.31	\$8,269.10	\$3,817.21	\$824,576.66
99	6/1/2031	\$824,576.66	\$12,086.31	\$8,307.00	\$3,779.31	\$816,269.66
100	7/1/2031	\$816,269.66	\$12,086.31	\$8,345.08	\$3,741.23	\$807,924.58



PMT NO.	PAYMENT DATE	BEGINNING BALANCE	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE
101	8/1/2031	\$807,924.58	\$12,086.31	\$8,383.33	\$3,702.98	\$799,541.25
102	9/1/2031	\$799,541.25	\$12,086.31	\$8,421.75	\$3,664.56	\$791,119.50
103	10/1/2031	\$791,119.50	\$12,086.31	\$8,460.35	\$3,625.96	\$782,659.15
104	11/1/2031	\$782,659.15	\$12,086.31	\$8,499.13	\$3,587.18	\$774,160.02
105	12/1/2031	\$774,160.02	\$12,086.31	\$8,538.08	\$3,548.23	\$765,621.94
106	1/1/2032	\$765,621.94	\$12,086.31	\$8,577.21	\$3,509.10	\$757,044.73
107	2/1/2032	\$757,044.73	\$12,086.31	\$8,616.53	\$3,469.78	\$748,428.20
108	3/1/2032	\$748,428.20	\$12,086.31	\$8,656.02	\$3,430.29	\$739,772.18
109	4/1/2032	\$739,772.18	\$12,086.31	\$8,695.69	\$3,390.62	\$731,076.49
110	5/1/2032	\$731,076.49	\$12,086.31	\$8,735.55	\$3,350.76	\$722,340.94
111	6/1/2032	\$722,340.94	\$12,086.31	\$8,775.59	\$3,310.72	\$713,565.35
112	7/1/2032	\$713,565.35	\$12,086.31	\$8,815.81	\$3,270.50	\$704,749.54
113	8/1/2032	\$704,749.54	\$12,086.31	\$8,856.21	\$3,230.10	\$695,893.33
114	9/1/2032	\$695,893.33	\$12,086.31	\$8,896.80	\$3,189.51	\$686,996.53
115	10/1/2032	\$686,996.53	\$12,086.31	\$8,937.58	\$3,148.73	\$678,058.95
116	11/1/2032	\$678,058.95	\$12,086.31	\$8,978.54	\$3,107.77	\$669,080.41
117	12/1/2032	\$669,080.41	\$12,086.31	\$9,019.70	\$3,066.61	\$660,060.71
118	1/1/2033	\$660,060.71	\$12,086.31	\$9,061.04	\$3,025.27	\$650,999.67
119	2/1/2033	\$650,999.67	\$12,086.31	\$9,102.57	\$2,983.74	\$641,897.10
120	3/1/2033	\$641,897.10	\$12,086.31	\$9,144.29	\$2,942.02	\$632,752.81
121	4/1/2033	\$632,752.81	\$12,086.31	\$9,186.20	\$2,900.11	\$623,566.61
122	5/1/2033	\$623,566.61	\$12,086.31	\$9,228.30	\$2,858.01	\$614,338.31
123	6/1/2033	\$614,338.31	\$12,086.31	\$9,270.60	\$2,815.71	\$605,067.71
124	7/1/2033	\$605,067.71	\$12,086.31	\$9,313.09	\$2,773.22	\$595,754.62
125	8/1/2033	\$595,754.62	\$12,086.31	\$9,355.77	\$2,730.54	\$586,398.85
126	9/1/2033	\$586,398.85	\$12,086.31	\$9,398.65	\$2,687.66	\$577,000.20
127	10/1/2033	\$577,000.20	\$12,086.31	\$9,441.73	\$2,644.58	\$567,558.47
128	11/1/2033	\$567,558.47	\$12,086.31	\$9,485.00	\$2,601.31	\$558,073.47
129	12/1/2033	\$558,073.47	\$12,086.31	\$9,528.48	\$2,557.83	\$548,544.99
130	1/1/2034	\$548,544.99	\$12,086.31	\$9,572.15	\$2,514.16	\$538,972.84
131	2/1/2034	\$538,972.84	\$12,086.31	\$9,616.02	\$2,470.29	\$529,356.82
132	3/1/2034	\$529,356.82	\$12,086.31	\$9,660.10	\$2,426.21	\$519,696.72
133	4/1/2034	\$519,696.72	\$12,086.31	\$9,704.37	\$2,381.94	\$509,992.35
134	5/1/2034	\$509,992.35	\$12,086.31	\$9,748.85	\$2,337.46	\$500,243.50
135	6/1/2034	\$500,243.50	\$12,086.31	\$9,793.53	\$2,292.78	\$490,449.97
136	7/1/2034	\$490,449.97	\$12,086.31	\$9,838.42	\$2,247.89	\$480,611.55
137	8/1/2034	\$480,611.55	\$12,086.31	\$9,883.51	\$2,202.80	\$470,728.04
138	9/1/2034	\$470,728.04	\$12,086.31	\$9,928.81	\$2,157.50	\$460,799.23
139	10/1/2034	\$460,799.23	\$12,086.31	\$9,974.32	\$2,111.99	\$450,824.91
140	11/1/2034	\$450,824.91	\$12,086.31	\$10,020.03	\$2,066.28	\$440,804.88
141	12/1/2034	\$440,804.88	\$12,086.31	\$10,065.96	\$2,020.35	\$430,738.92
142	1/1/2035	\$430,738.92	\$12,086.31	\$10,112.09	\$1,974.22	\$420,626.83
143	2/1/2035	\$420,626.83	\$12,086.31	\$10,158.44	\$1,927.87	\$410,468.39
144	3/1/2035	\$410,468.39	\$12,086.31	\$10,205.00	\$1,881.31	\$400,263.39
145	4/1/2035	\$400,263.39	\$12,086.31	\$10,251.77	\$1,834.54	\$390,011.62
146	5/1/2035	\$390,011.62	\$12,086.31	\$10,298.76	\$1,787.55	\$379,712.86
147	6/1/2035	\$379,712.86	\$12,086.31	\$10,345.96	\$1,740.35	\$369,366.90
148	7/1/2035	\$369,366.90	\$12,086.31	\$10,393.38	\$1,692.93	\$358,973.52
149	8/1/2035	\$358,973.52	\$12,086.31	\$10,441.02	\$1,645.29	\$348,532.50
150	9/1/2035	\$348,532.50	\$12,086.31	\$10,488.87	\$1,597.44	\$338,043.63
151	10/1/2035	\$338,043.63	\$12,086.31	\$10,536.95	\$1,549.36	\$327,506.68
152	11/1/2035	\$327,506.68	\$12,086.31	\$10,585.24	\$1,501.07	\$316,921.44
153	12/1/2035	\$316,921.44	\$12,086.31	\$10,633.76	\$1,452.55	\$306,287.68
154	1/1/2036	\$306,287.68	\$12,086.31	\$10,682.50	\$1,403.81	\$295,605.18
155	2/1/2036	\$295,605.18	\$12,086.31	\$10,731.46	\$1,354.85	\$284,873.72

PMT NO.	PAYMENT DATE	BEGINNING BALANCE	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE
156	3/1/2036	\$284,873.72	\$12,086.31	\$10,780.64	\$1,305.67	\$274,093.08
157	4/1/2036	\$274,093.08	\$12,086.31	\$10,830.05	\$1,256.26	\$263,263.03
158	5/1/2036	\$263,263.03	\$12,086.31	\$10,879.69	\$1,206.62	\$252,383.34
159	6/1/2036	\$252,383.34	\$12,086.31	\$10,929.56	\$1,156.75	\$241,453.78
160	7/1/2036	\$241,453.78	\$12,086.31	\$10,979.65	\$1,106.66	\$230,474.13
161	8/1/2036	\$230,474.13	\$12,086.31	\$11,029.98	\$1,056.33	\$219,444.15
162	9/1/2036	\$219,444.15	\$12,086.31	\$11,080.53	\$1,005.78	\$208,363.62
163	10/1/2036	\$208,363.62	\$12,086.31	\$11,131.31	\$955.00	\$197,232.31
164	11/1/2036	\$197,232.31	\$12,086.31	\$11,182.33	\$903.98	\$186,049.98
165	12/1/2036	\$186,049.98	\$12,086.31	\$11,233.59	\$852.72	\$174,816.39
166	1/1/2037	\$174,816.39	\$12,086.31	\$11,285.07	\$801.24	\$163,531.32
167	2/1/2037	\$163,531.32	\$12,086.31	\$11,336.80	\$749.51	\$152,194.52
168	3/1/2037	\$152,194.52	\$12,086.31	\$11,388.76	\$697.55	\$140,805.76
169	4/1/2037	\$140,805.76	\$12,086.31	\$11,440.96	\$645.35	\$129,364.80
170	5/1/2037	\$129,364.80	\$12,086.31	\$11,493.39	\$592.92	\$117,871.41
171	6/1/2037	\$117,871.41	\$12,086.31	\$11,546.07	\$540.24	\$106,325.34
172	7/1/2037	\$106,325.34	\$12,086.31	\$11,598.99	\$487.32	\$94,726.35
173	8/1/2037	\$94,726.35	\$12,086.31	\$11,652.15	\$434.16	\$83,074.20
174	9/1/2037	\$83,074.20	\$12,086.31	\$11,705.56	\$380.75	\$71,368.64
175	10/1/2037	\$71,368.64	\$12,086.31	\$11,759.21	\$327.10	\$59,609.43
176	11/1/2037	\$59,609.43	\$12,086.31	\$11,813.10	\$273.21	\$47,796.33
177	12/1/2037	\$47,796.33	\$12,086.31	\$11,867.25	\$219.06	\$35,929.08
178	1/1/2038	\$35,929.08	\$12,086.31	\$11,921.64	\$164.67	\$24,007.44
179	2/1/2038	\$24,007.44	\$12,086.31	\$11,976.28	\$110.03	\$12,031.16
180	3/1/2038	\$12,031.16	\$12,086.31	\$12,031.16	\$55.15	\$0.00