

**HMONG CULTURAL CENTER  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023 AND 2022**

**PREPARED BY  
MICHAEL S. WILSON  
REPORT OF CERTIFIED PUBLIC ACCOUNTANT**

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**Michael S. Wilson**  
**Certified Public Accountant**  
**Minneapolis, Minnesota**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Hmong Cultural Center

I have audited the accompanying financial statements of Hmong Cultural Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and 2022 the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hmong Cultural Center as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hmong Cultural Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hmong Cultural Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hmong Cultural Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hmong Cultural Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Michael S. Wilson, CPA*

June 26, 2023

**HMONG CULTURAL CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash and equivalents	126,578	\$ 154,861
Contracts receivable	82,956	39,250
Grants and accounts receivable	45,482	21,165
Prepaid Expenses	11,777	2,732
Right of Use Asset Current	15,750	15,750
<b>Total Current Assets</b>	<b>282,543</b>	<b>231,026</b>
 <b>Property and Equipment</b>		
Office equipment and vehicle	70,044	73,423
 <b>Other Assets</b>		
Right of Use Asset - Long term	16,600	26,460
<b>Total Assets</b>	<b>\$ 369,187</b>	<b>\$ 330,909</b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts Payable	\$ 3,210	\$ 6,891
Accrued Payroll Liabilities	7,254	11,662
Refundable advance	15,603	13,648
<b>Total Current Liabilities</b>	<b>26,067</b>	<b>32,201</b>
 <b>Net Assets</b>		
Net assets without restrictions		
Undesignated	261,982	213,905
Net assets with restrictions	81,138	84,803
<b>Total Net Assets</b>	<b>343,120</b>	<b>298,708</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 369,187</b>	<b>\$ 330,909</b>

**HMONG CULTURAL CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Net assets without <u>restrictions</u>	Net assets with <u>Restrictions</u>	Total <u>2023</u>
<b>Public Support, Revenue and Gains</b>			
<b>Public Support</b>			
Grants - government	319,512	-	319,512
Donations and private grants	136,278	90,000	226,278
Net assets released from restrictions	93,665	(93,665)	-
<b>Revenue</b>			
Miscellaneous revenue	10,111	-	10,111
Total support and revenue	<u>559,566</u>	<u>(3,665)</u>	<u>555,901</u>
<b>EXPENSES</b>			
Program expenses	453,063	-	453,063
Management and general	45,207	-	45,207
Fundraising	13,219	-	13,219
Total Expenses	<u>511,489</u>	<u>-</u>	<u>511,489</u>
Change in net assets	48,077	(3,665)	44,412
Net assets at beginning of year	<u>213,905</u>	<u>84,803</u>	<u>298,708</u>
Net assets at end of year	<u><u>\$ 261,982</u></u>	<u><u>\$ 81,138</u></u>	<u><u>\$ 343,120</u></u>

**HMONG CULTURAL CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Net assets without <u>restrictions</u>	Net assets with <u>Restrictions</u>	Total <u>2022</u>
Grants - government	289,914	-	289,914
Donations and private grants	80,951	35,000	115,951
Net assets released from restricti	115,680	(115,680)	-
Miscellaneous revenue	1,510	-	1,510
Total support and revenue	<u>488,055</u>	<u>(80,680)</u>	<u>407,375</u>
Program expenses	433,609	-	433,609
Management and general	42,407	-	42,407
Fundraising	13,085	-	13,085
Total Expenses	<u>489,101</u>	<u>-</u>	<u>489,101</u>
Change in net assets	(1,046)	(80,680)	(81,726)
Net assets at beginning of year	<u>214,951</u>	<u>165,483</u>	<u>380,434</u>
Net assets at end of year	<u>\$ 213,905</u>	<u>\$ 84,803</u>	<u>\$ 298,708</u>

**HMONG CULTURAL CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2023</u>
Salaries	\$ 251,334	\$ 18,698	\$ 9,121	\$ 279,153
Payroll taxes and insurance	21,913	1,630	795	24,338
Benefits	-	-	-	-
Total salaries and related expenses	<u>273,247</u>	<u>20,328</u>	<u>9,916</u>	<u>303,491</u>
Supplies	2,402	114	56	2,572
Rent/Maintenance	54,322	4,041	1,971	60,334
Insurance	5,858	436	213	6,507
Communication	10,127	753	368	11,248
Contract services	7,487	1,930	-	9,417
Accounting	-	14,398	-	14,398
Resource center supplies	19,050	-	-	19,050
Equipment, maintenance, repairs	4,371	325	159	4,855
Qeej Festival	52,155	-	-	52,155
Travel/transportation	8,131	-	-	8,131
Community outreach	1,155	-	-	1,155
Staff and board development	-	37	-	37
Other expenses	-	1,747	-	1,747
Depreciation	<u>14,758</u>	<u>1,098</u>	<u>536</u>	<u>16,392</u>
Total Expenses	<u>\$ 453,063</u>	<u>\$ 45,207</u>	<u>\$ 13,219</u>	<u>\$ 511,489</u>
As a percentage of total costs	89%	9%	3%	100%



**HMONG CULTURAL CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2022</u>
Salaries	\$ 246,494	\$ 18,115	\$ 8,963	\$ 273,572
Payroll taxes and insurance	19,719	1,449	717	21,885
Benefits	-	-	-	-
Total salaries and related expenses	<u>266,213</u>	<u>19,564</u>	<u>9,680</u>	<u>295,457</u>
Supplies	7,460	30	16	7,506
Rent/Maintenance	52,459	3,855	1,908	58,222
Insurance	6,595	485	240	7,320
Communication	18,482	1,358	672	20,512
Contract services	9,810	1,407	-	11,217
Accounting	-	13,340	-	13,340
Resource center supplies	4,780	-	-	4,780
Qeej Festival	34,973	-	-	34,973
Community outreach	2,856	-	-	2,856
Staff and board development	-	315	-	315
Equipment, maintenance, repairs	4,534	333	165	5,032
Travel/transportation	14,341	-	-	14,341
Other expenses	-	904	-	904
Depreciation	<u>11,106</u>	<u>816</u>	<u>404</u>	<u>12,326</u>
Total Expenses	<u><u>\$ 433,609</u></u>	<u><u>\$ 42,407</u></u>	<u><u>\$ 13,085</u></u>	<u><u>\$ 489,101</u></u>
As a percentage of total costs	89%	9%	3%	100%

**HMONG CULTURAL CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>Cash Flow From Operating Activity</b>	<u>2023</u>	<u>2022</u>
Increase (decrease) in net assets	44,412	\$ (81,726)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	16,392	12,326
(Increase) decrease in accounts receivable	(25)	325
(Increase) decrease in pledges receivable	(27,049)	(1,438)
(Increase) decrease in grants receivable	(43,681)	24,539
(Increase) decrease in prepaid expenses	(9,045)	8,914
(Increase) decrease in future prepaid museum space		
(Increase) decrease in museum space	9,860	-
Decrease (increase) in accounts payable	(3,681)	1,472
Decrease (increase) in accrued liabilities	(4,408)	(3,074)
Decrease (increase) in refundable advance	1,955	(5,904)
	<u>          </u>	<u>          </u>
<b>Cash Flow From Operating Activity</b>	(15,270)	(44,566)
<b>Cash Flow From Investing Activity</b>		
Purchase of equipment	(13,013)	(26,272)
	<u>          </u>	<u>          </u>
<b>Cash Flow From Investing Activity</b>	(13,013)	(10,522)
<b>Increase in Cash and Cash Equivalents</b>	<u>          </u>	<u>          </u>
	(28,283)	(55,088)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>154,861</u>	<u>209,949</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>126,578</u></u>	<u><u>154,861</u></u>

**HMONG CULTURAL CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 1. ORGANIZATION**

The Hmong Cultural Center, Inc. (HCC) is a nonprofit organization designed to serve the entire Hmong community in the Twin Cities by playing a leadership role in promoting Hmong culture to all generations. The HCC promotes the personal development of children, youth, and adults through Hmong cultural education while providing resources that enhance cross-cultural understanding between Hmong and Non-Hmong people. The significant accounting policies employed are described below to enhance the usefulness of the financial statements to the reader.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets Classifications

Hmong Cultural Center reports information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and represent funds that are fully available, at the discretion of management and the Board of Directors for Hmong Cultural Center to utilize for any of its programs or supporting services.
- Net assets with donor restrictions are comprised of funds that are restricted by donors for specific purposes or time periods

Cash and Cash Equivalents

For purposes of the statements of cash flows, Hmong Cultural Center considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances.

The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivable when they are considered uncollectible. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year.

**HMONG CULTURAL CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property, Plant and Equipment

All major expenditures for furniture and equipment, are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method over the useful life of the asset, ranging from three to ten years. When the Organization commits to the disposal or abandonment of equipment, the assets are written off or down to the net realizable value. The cost of maintenance and repairs is charged to expense as incurred.

Revenue Recognition

Revenues and public support are reported as an increase in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are recognized as an increase or a decrease in unrestricted net assets unless their use is restricted by explicit donor stipulations. Expirations of restrictions on net assets are reported as net assets released from restrictions.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted contributions, the restriction of which are met in the same year as the contributions is made, are reported as unrestricted contributions.

Government Grants and Contracts

Government grants and contract funds are considered exchange contracts and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Hmong Cultural Center will record such disallowance at the time the final assessment is made.

Donated Material and Services

Contributed services are recorded as contributions, at fair value, when the service creates or enhances non-financial asset or donation. Some unpaid volunteers have made contributions of their time to the Organization's programs. The value of this contributed time is not reflected in these statements since it does not meet the requirements for recognition in the financial statements.

**HMONG CULTURAL CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Promises to Give (Pledges Receivable)

Unconditional promises to give are recognized in the period the promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Risks and Uncertainties

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and functional expenses.

Functional Expenses

The majority of expenses are directly identified with the program or supporting services to which they relate. Expenses not directly identifiable by function are allocated to program and supporting services on the basis of service and effort or space occupied determined by management.

Tax Exempt Status

Hmong Cultural Center is recognized by the Internal Revenue Services (IRS) as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, accordingly, is generally not subject to income taxes, except for taxes pertaining to unrelated business income. Hmong Cultural Center is exempt from state taxes under Minnesota Statute 290.05. Therefore, there is no provision for income taxes, and unrelated income subject to tax is considered to be insignificant.

Use of Estimates

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

Concentrations of Risk

Hmong Cultural Center performs within the Twin Cities area. The amounts related to contracts receivable are specifically from local governments and institutions. Hmong Cultural Center also maintains its cash deposits at financial institution where balances, at times, may exceed federally insured limits. Hmong Cultural Center has not experienced any losses in such accounts.

**HMONG CULTURAL CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 3: RECEIVABLES**

Hmong Cultural Center recognizes receivables as pledges receivable as future unconditional promises made by donors, or contracts receivable from earned income related to private foundations, governments and other grantors. Management has determined there is no allowance for uncollectible accounts at year-end.

Current receivables	<u>2023</u>	<u>2022</u>
Accounts/Contracts receivable	\$82,956	\$ 39,250
Pledges receivable	<u>45,482</u>	<u>21,165</u>
Total current receivables	<u>\$128,438</u>	<u>\$60,419</u>

**NOTE 4: PROPERTY AND EQUIPMENT**

Fixed assets consisted of the following balances at December 31,	<u>2023</u>	<u>2022</u>
Office equipment	111,070	\$110,070
Leasehold improvements	76,505	63,492
Artifact exhibits	4,500	4,500
Van	<u>9,825</u>	<u>9,825</u>
Total Cost	201,900	188,887
Accumulated depreciation	<u>(131,856)</u>	<u>(115,464)</u>
Net book value	<u>\$ 70,044</u>	<u>\$ 74,423</u>

Depreciation expense of \$16,392 and \$5,333 was recorded for the years ending 2023 and 2022 respectively.

**NOTE 5: NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions consisted of the following balances at December 31:

	<u>2023</u>	<u>2022</u>
Program restricted contributions	\$81,138	\$84,803
Time restricted contributions	<u>---</u>	<u>---</u>
Total restricted contributions	<u>\$81,138</u>	<u>\$84,803</u>

**HMONG CULTURAL CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 6: NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions consisted of the following amounts at December 31

	<u>2023</u>	<u>2022</u>
Program restricted contributions	\$93,665	\$115,680
Time restricted contributions	---	---
Total restricted contributions	<u>\$93,665</u>	<u>\$115,680</u>

**NOTE 7: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through the date the financial statements were issued June 26, 2024

**NOTE 8: INCOME TAX UNCERTAINTIES**

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in the entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that is not certain to be realized. The application of this standard has no impact on the Organization's financial statements. The Organization's tax returns are subject to review and examination by federal, state, and local authorities. The tax returns for the years 2020 to 2023 are open to examination by federal, state, and local authorities.

**NOTE 9. LEASE COMMITMENT**

Hmong Cultural Center (HCC) determines if any contract arrangements contains a lease at inception of an agreement. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. HCC does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

In 2023, HCC entered into a long-term lease agreement for their museum location through 2025. The organization prepaid this lease agreement, and it is recognized as a prepaid expense in the financial statements as a Right of Use current asset for the amount for the amount that will expire over the next year, and as a long term asset prepayment of the lease for periods longer than year.

**HMONG CULTURAL CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 10. LIQUIDITY**

Hmong Cultural Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Hmong Cultural Center's financial assets at December 31, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 126,578	\$ 154,861
Receivables	<u>128,438</u>	<u>60,419</u>
Total financial assets	255,016	215,280
Less: donor-imposed restrictions	<u>81,138</u>	<u>84,803</u>
Financial assets available to meet		
Cash needs for general expenditures in one year	<u>\$ 173,878</u>	<u>\$ 130,477</u>

Hmong Cultural Center regularly monitors liquidity required to meet its operating needs and other commitments. In addition, to financial assets available to meet general expenditures over the next three months, Hmong Cultural Center prepares a budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**NOTE 14. LINE OF CREDIT**

The Organization has a \$60,000 revolving line of credit with US Bank, secured by an agreement dated July 31, 2017. Borrowings under the line bear interest at 7.75%. The agreement requires compliance with certain financial covenants. The outstanding balance was \$0 at December 31, 2023. The line of credit renews each year with an annual fee of \$150.