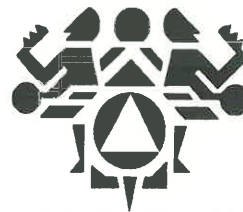


NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

**Basic Financial Statements and
Independent Auditors' Reports**



September 30, 2012

Northwest Portland Area Indian Health Board

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STAUFFER & ASSOCIATES PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Portland Area Indian Health Board
Portland, Oregon

We have audited the accompanying statement of financial position of Northwest Portland Area Indian Health Board (the Health Board) as of September 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Health Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Portland Area Indian Health Board as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013, on our consideration of the Health Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was conducted for the purpose of forming an opinion on the financial statements. The schedule of functional expenses, schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)*, and the summary schedule of prior audit findings in the Single Audit – Auditee’s Section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of functional expenses, schedule of expenditures of federal awards, and summary schedule of prior audit findings are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements. The corrective action plan in the Single Audit – Auditee’s Section is presented for convenience in reporting and is not a required part of the financial statements; it has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Stauffer & Associates, PLLC

Liberty Lake, Washington
March 29, 2013

Northwest Portland Area Indian Health Board

Statement of Financial Position

September 30, 2012

Assets

CURRENT ASSETS:

Cash	\$ 3,779,946
Grants and contracts receivable	786,272
Travel and other advances receivable, less allowance for uncollectible amounts of \$22,196	24,840
Prepaid expenses	1,112
Other receivables	2,802
Total current assets	<u>4,594,972</u>

PROPERTY AND EQUIPMENT, net

30,196

Total assets

\$ 4,625,168

Liabilities and Net Assets

CURRENT LIABILITIES:

Accounts payable	\$ 505,131
Payroll and related accruals	251,454
Deferred revenue	3,616,294
Total current liabilities	<u>4,372,879</u>

NET ASSETS:

Unrestricted	<u>252,289</u>
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Total liabilities and net assets

\$ 4,625,168

Northwest Portland Area Indian Health Board

Statement of Activities

Year Ended September 30, 2012

	<u>Unrestricted</u>
<i>REVENUES AND OTHER SUPPORT:</i>	
Federal assistance	\$ 9,115,885
Private assistance	168,215
Investment income	522
Other income	4,571
Total revenues and other support	<u>9,289,193</u>
<i>EXPENSES:</i>	
Program:	
Health services for Native Americans:	
Federal grants and contracts	7,316,856
Private grants and contracts	147,160
Total program expenses	<u>7,464,016</u>
Supporting:	
General administration	1,817,304
Total expenses	<u>9,281,320</u>
<i>CHANGE IN NET ASSETS</i>	7,873
<i>TOTAL NET ASSETS, BEGINNING OF YEAR</i>	<u>244,416</u>
<i>TOTAL NET ASSETS, END OF YEAR</i>	<u>\$ 252,289</u>

See accompanying independent auditors' report and notes to basic financial statements.

Northwest Portland Area Indian Health Board

Statement of Cash Flows

Year Ended September 30, 2012

Increase (Decrease) in Cash

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 7,873
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	23,333
(Increase) decrease in current assets:	
Grants and contracts receivable	(666,108)
Travel and other advances receivable	(10,869)
Prepaid expenses	35
Increase (decrease) in operating liabilities:	
Accounts payable	(220,334)
Payroll and related accruals	27,129
Deferred revenue - grants	3,355,656
Net cash provided by operating activities	<u>2,516,715</u>
 <i>NET INCREASE IN CASH</i>	 2,516,715
 <i>CASH, BEGINNING OF YEAR</i>	 <u>1,263,231</u>
 <i>CASH, END OF YEAR</i>	 <u><u>\$ 3,779,946</u></u>

See accompanying independent auditors' report and notes to basic financial statements.

Northwest Portland Area Indian Health Board

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Northwest Portland Area Indian Health Board (Health Board) is a nonprofit organization incorporated in the state of Oregon. Its Board of Directors is comprised of 43 Tribal delegates representing 43 federally recognized Tribes in the states of Washington, Oregon, and Idaho. The Health Board is dedicated to assisting and promoting the health needs, concerns and services of Indian people in the Pacific Northwest, and to providing advice and feedback in the development and implementation of federal Indian Health Service policies. The Health Board's funding comes primarily from federal grants from the Department of Health and Human Services, with some additional funding from state grants and private foundations.

Summary of Significant Accounting Policies

Basis of Accounting — The financial statements of the Health Board have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Use of Estimates — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Support and Revenue Recognition — The Health Board considers all grant and contract awards to be exchange transactions. The Health Board recognizes direct revenue on cost reimbursement grants and contracts as qualified expenditures occur, subject to the amount authorized in the agreement. Unreimbursed expenditures due from grantor agencies are reflected in the financial statements as receivables and revenues. Cash received from grantor agencies in excess of eligible expenditures is recorded as deferred revenue in the statement of financial position.

In-kind contributions are recorded at fair market value and recognized as revenue in the accounting period when they are received.

Cash and Cash Equivalents — Include amounts in demand deposits, as well as cash in time deposits and repurchase agreements.

Investments — No investments were held at year end. Indian Self-Determination award monies must be invested using the prudent investment standard.

Northwest Portland Area Indian Health Board

Notes to Basic Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued)

Property and Equipment — Property and equipment are defined as assets with a cost in excess of \$5,000 and are stated at cost. Contributed assets are stated at their fair market values on the date of contribution. Depreciation is calculated on the straight-line method over the assets' estimated useful lives of three to ten years.

Minor furniture and equipment, defined as items with a cost less than \$5,000, are reported as an expense in the period acquired and are not included in the statement of financial position.

Income Taxes — The Health Board is generally exempt from income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events — The management of the Health Board evaluated for subsequent events and transactions for potential recognition and disclosure through March 29, 2013, the date the financial statements were issued.

NOTE 2 — CASH:

At September 30, 2012, the carrying amount of the Health Board's deposits was \$3,779,946, and the bank balance was \$3,958,287. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation, \$208,810 was covered by the Securities Investor Protection Corporation (SIPC) and the remaining balance was covered by additional collateral pledged by Wells Fargo. During the year ended September 30, 2012, the Health Board operated under an agreement with its financial institution whereby end-of-day balances in its commercial checking account were automatically swept into interest-bearing repurchase agreements. The repurchase agreements between the Health Board and the financial institution are subject to specific credit quality and valuation standards. The securities subject to the repurchase agreement are always direct obligations of or guaranteed by the United States, its agencies, or instrumentalities. They have a current market value equal to or greater than the principal amount of the transaction.

The Health Board uses the prudent investment standard and bank deposits are held at Wells Fargo Bank N.A.

Northwest Portland Area Indian Health Board

Notes to Basic Financial Statements

NOTE 3 — PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at September 30, 2012:

	Balance October 1, 2011	Additions	Balance September 30, 2012
Computer equipment	\$ 24,898	\$ -	\$ 24,898
Furniture and other equipment	130,179	-	130,179
	155,077	-	155,077
Accumulated depreciation	(101,548)	(23,333)	(124,881)
Property and equipment, net of accumulated depreciation	<u>\$ 53,529</u>	<u>\$ (23,333)</u>	<u>\$ 30,196</u>

NOTE 4 — OPERATING LEASES:

The Health Board is committed under various operating leases for office space and office equipment. Lease payments for the year ended September 30, 2012, amounted to \$282,124.

Future minimum lease payments for these leases are as follows:

<u>Years Ending September 30,</u>	
2013	\$ 295,388
2014	304,069
2015	307,512
2016	316,222
2017	<u>133,378</u>
	<u>\$ 1,356,569</u>

NOTE 5 — CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Health Board expects there will be none.

Northwest Portland Area Indian Health Board

Notes to Basic Financial Statements

NOTE 6 — RETIREMENT PLAN:

The Health Board has adopted a Tax Sheltered Annuity (TSA) plan covering all full-time employees who have met certain service requirements. In addition to providing coverage for all full-time employees, effective January 1, 2004, the plan was amended to provide employer contributions for part-time employees working a minimum of 24 hours per week. For each qualified employee, an amount equal to 5% of his or her base annual earnings is contributed by the Health Board to the individual TSA account. After five years, the contribution increases to 10%. For the year ended September 30, 2012, the Health Board and employees made contributions of \$173,028 and \$128,142, respectively, to individual TSA accounts.

NOTE 7 — SUPPORTING EXPENSES:

For the year ended September 30, 2012, supporting expenses were comprised of the following:

General administration, indirect cost pool	\$ 1,820,084
General administration, other expenses	(2,909)
General administration, employee fund	<u>129</u>
Total supporting expenses	<u>\$ 1,817,304</u>

NOTE 8 — GRANTS RECEIVABLE AND DEFERRED REVENUE:

The Health Board's grants receivable and deferred revenues at September 30, 2012, were as follows:

	Grants Receivable	Deferred Revenue
United States Government:		
Department of Health and Human Services	\$ 742,003	\$ 3,554,745
State and Other Programs	<u>44,269</u>	<u>61,549</u>
Total	<u>\$ 786,272</u>	<u>\$ 3,616,294</u>

SUPPLEMENTARY INFORMATION

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
Federal Grants and Contracts****Year Ended September 30, 2012**

	100 IHS 638 Contract	109 American Indian/Alaska Native	110 IHS Epidemiology	111 IHS NW Special Diabetes Project
Salaries and wages	\$ 447,169	\$ 15,077	\$ 204,352	\$ 83,087
Payroll taxes and benefits	203,277	4,698	78,871	34,803
Travel	371,632	13,886	11,969	12,213
Meetings and conferences	91,520	550	1,980	21,828
Training	-	-	5,039	-
Supplies	24,281	-	2,711	20,205
Minor equipment	47,123	69	3,960	204
Equipment lease and maintenance	-	-	-	-
Rent	1,500	-	-	-
Telephone and cellular services	15,069	345	2,384	1,844
Other administrative	11,027	-	1,004	1,324
Printing and publications	29,883	-	140	-
Professional services	340,208	145,202	-	12,100
Subcontracts and subawards	405,508	-	-	-
Educational support	-	-	-	-
Total direct expenses	1,988,197	179,827	312,410	187,608
Indirect expense	641,713	63,497	110,312	66,245
Total expenses	<u>\$ 2,629,910</u>	<u>\$ 243,324</u>	<u>\$ 422,722</u>	<u>\$ 253,853</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
Federal Grants and Contracts (Continued)****Year Ended September 30, 2012**

	112 IHS Research Center (NARCH)	122 National Cancer Prevention	128 CDC EPI Consortium	135 Injury Prevention
Salaries and wages	\$ 430,166	\$ 83,922	\$ 42,642	\$ 30,971
Payroll taxes and benefits	128,587	34,759	18,823	19,938
Travel	195,830	78,877	16,132	8,972
Meetings and conferences	74,356	4,413	1,812	800
Training	-	532	340	-
Supplies	35,897	3,552	1,889	-
Minor equipment	13,810	7,000	3,479	-
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	3,866	29	114	-
Other administrative	1,460	1,096	227	6
Printing and publications	3,335	125	-	-
Professional services	110,201	22,000	-	-
Subcontracts and subawards	-	-	63,000	-
Educational support	117,650	-	-	-
Total direct expenses	1,115,158	236,305	148,458	60,687
Indirect expense	352,220	83,439	30,176	21,428
Total expenses	<u>\$ 1,467,378</u>	<u>\$ 319,744</u>	<u>\$ 178,634</u>	<u>\$ 82,115</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
Federal Grants and Contracts (Continued)****Year Ended September 30, 2012**

	138 ARRA Improving Data & Access	141 NIH NW Tribal Cancer Navigator	142 Child Safety Seat Intervention	151 SAMHSA
Salaries and wages	\$ 158,845	\$ 28,920	\$ 140,031	\$ 60,284
Payroll taxes and benefits	83,033	14,078	58,190	17,182
Travel	20,812	402	20,995	32,709
Meetings and conferences	5,066	-	1,248	2,150
Training	-	-	-	-
Supplies	1,859	-	728	378
Minor equipment	13,850	-	2,118	526
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	329	-	1,906	2,864
Other administrative	1,448	-	902	54
Printing and publications	295	17,684	3,347	141
Professional services	700	-	6,869	89,331
Subcontracts and subawards	3,707	-	172,874	1,723,854
Educational support	-	-	-	-
Total direct expenses	289,944	61,084	409,208	1,929,473
Indirect expense	102,379	21,569	92,562	72,604
Total expenses	<u>\$ 392,323</u>	<u>\$ 82,653</u>	<u>\$ 501,770</u>	<u>\$ 2,002,077</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

Schedule of Functional Expenses - Federal Grants and Contracts (Continued)

Year Ended September 30, 2012

	152 CDC Public Health Infrastructure	162 Improving Data & Access	216 TROCD	306 Bio- Terrorism Program
Salaries and wages	\$ 44,545	\$ 1,448	\$ 4,989	\$ 2,647
Payroll taxes and benefits	14,118	749	2,434	753
Travel	15,830	-	1,409	2,200
Meetings and conferences	7,500	-	-	-
Training	20,042	-	-	-
Supplies	167	-	-	-
Minor equipment	1,137	-	-	-
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	-	-	-	-
Other administrative	771	-	-	3
Printing and publications	-	-	-	-
Professional services	11,000	200	-	-
Subcontracts and subawards	-	-	-	-
Educational support	-	-	-	-
Total direct expenses	115,110	2,397	8,832	5,603
Indirect expense	40,645	847	3,119	1,979
Total expenses	<u>\$ 155,755</u>	<u>\$ 3,244</u>	<u>\$ 11,951</u>	<u>\$ 7,582</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
Federal Grants and Contracts (Continued)****Year Ended September 30, 2012**

	330 CRC Toolkit	909 PTOTS	918 FHCRC Multi-State	921 It's Your Game
Salaries and wages	\$ 105	\$ 6,268	\$ 12,548	\$ 31,393
Payroll taxes and benefits	8	1,973	5,153	10,909
Travel	648	-	1,882	2,215
Meetings and conferences	-	-	-	1,842
Training	-	-	-	-
Supplies	662	-	1,594	10,084
Minor equipment	-	259	151	3,100
Equipment lease and maintenance	-	-	132	-
Rent	-	-	-	-
Telephone and cellular services	-	-	-	10
Other administrative	-	180	-	1,022
Printing and publications	-	-	-	-
Professional services	-	-	5,341	-
Subcontracts and subawards	-	(768)	-	7,510
Educational support	-	-	-	-
Total direct expenses	1,423	7,912	26,801	68,085
Indirect expense	502	2,970	9,464	24,040
Total expenses	<u>\$ 1,925</u>	<u>\$ 10,882</u>	<u>\$ 36,265</u>	<u>\$ 92,125</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

Schedule of Functional Expenses - Federal Grants and Contracts (Continued)

Year Ended September 30, 2012

	923 Teen Pregnancy Prevention	926 Youth Empowerment Program	927 Health Insurance Exchange	932 CMS AI/AN Strategic Plan
Salaries and wages	\$ 19,089	\$ 21,127	\$ -	\$ -
Payroll taxes and benefits	8,563	6,205	-	-
Travel	12,643	672	5,327	-
Meetings and conferences	6,856	-	746	-
Training	-	-	-	-
Supplies	11,054	89	683	184
Minor equipment	2,775	134	-	-
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	-	-	-	-
Other administrative	275	52	-	-
Printing and publications	-	-	-	-
Professional services	-	-	5,095	10,499
Subcontracts and subawards	8,900	-	-	-
Educational support	41,366	-	-	-
Total direct expenses	111,521	28,279	11,851	10,683
Indirect expense	39,378	9,985	4,184	3,772
Total expenses	\$ 150,899	\$ 38,264	\$ 16,035	\$ 14,455

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

**Schedule of Functional Expenses -
Federal Grants and Contracts (Continued)****Year Ended September 30, 2012**

	<u>Total</u>
Salaries and wages	\$ 1,869,625
Payroll taxes and benefits	747,104
Travel	827,255
Meetings and conferences	222,667
Training	25,953
Supplies	116,017
Minor equipment	99,695
Equipment lease and maintenance	132
Rent	1,500
Telephone and cellular services	28,760
Other administrative	20,851
Printing and publications	54,950
Professional services	758,746
Subcontracts and subawards	2,384,585
Educational support	<u>159,016</u>
 Total direct expenses	 7,316,856
 Indirect expense	 <u>1,799,029</u>
 Total expenses	 <u><u>\$ 9,115,885</u></u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
Private Grants and Contracts****Year Ended September 30, 2012**

	915 Empowering Native Youth	916 CRIB Access	917 Sexual Assault Task Force	919 Heitech
Salaries and wages	\$ 17,377	\$ 207	\$ 7,751	\$ 259
Payroll taxes and benefits	6,138	134	4,013	109
Travel	5,181	-	149	-
Meetings and conferences	553	-	-	-
Supplies	1,225	-	-	-
Minor equipment	-	-	-	-
Telephone and cellular services	-	-	-	-
Other administrative	375	-	-	-
Printing and publications	807	-	-	6,500
Professional services	6,597	-	-	3,467
Subcontracts and subawards	-	-	-	-
Total direct expenses	38,253	341	11,913	10,335
Indirect expense	13,507	121	4,207	3,650
Total expenses	<u>\$ 51,760</u>	<u>\$ 462</u>	<u>\$ 16,120</u>	<u>\$ 13,985</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

Schedule of Functional Expenses - Private Grants and Contracts (Continued)

Year Ended September 30, 2012

	930 Tribal ACA Toolkit	931 AIHC ACA	933 American Indian Health Commission	Total
Salaries and wages	\$ -	\$ -	\$ 4,763	\$ 30,357
Payroll taxes and benefits	-	-	490	10,884
Travel	4,002	2,500	-	11,832
Meetings and conferences	1,804	-	-	2,357
Supplies	137	-	-	1,362
Minor equipment	239	-	-	239
Telephone and cellular services	942	-	-	942
Other administrative	-	-	-	375
Printing and publications	-	-	-	7,307
Professional services	(15,341)	4,500	-	(777)
Subcontracts and subawards	82,282	-	-	82,282
Total direct expenses	74,065	7,000	5,253	147,160
Indirect expense	(2,902)	2,472	-	21,055
Total expenses	\$ 71,163	\$ 9,472	\$ 5,253	\$ 168,215

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
All Supporting and Program Expenses****Year Ended September 30, 2012**

	Total Program Expenses	Supporting Expenses	Total Expenses
Salaries and wages	\$ 1,899,982	\$ 753,865	\$ 2,653,847
Payroll taxes and benefits	757,988	311,304	1,069,292
Travel	839,087	64,678	903,765
Meetings and conferences	225,024	16,905	241,929
Training	25,953	1,723	27,676
Supplies	117,379	16,279	133,658
Minor equipment	99,934	9,790	109,724
Equipment lease and maintenance	132	48,506	48,638
Rent	1,500	231,986	233,486
Telephone and cellular services	29,702	50,150	79,852
Recruitment advertising	-	(1,018)	(1,018)
Insurance	-	5,953	5,953
Other administrative	21,226	186,625	207,851
Printing and publications	62,257	4,390	66,647
Professional services	757,969	92,835	850,804
Subcontracts and subawards	2,466,867	-	2,466,867
Educational support	159,016	-	159,016
Depreciation and amortization	-	23,333	23,333
Total direct expenses	7,464,016	1,817,304	9,281,320
Indirect expense	1,820,084	(1,820,084)	-
Total expenses	<u>\$ 9,284,100</u>	<u>\$ (2,780)</u>	<u>\$ 9,281,320</u>

See accompanying independent auditors' report.

SINGLE AUDIT

AUDITORS' SECTION



STAUFFER & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Northwest Portland Area Indian Health Board
Portland, Oregon

We have audited the financial statements of Northwest Portland Area Indian Health Board (the Health Board) as of and for the year ended September 30, 2012, and have issued our report thereon dated March 29, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Health Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Health Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Health Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Health Board's internal control over financial reporting.

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 controls, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stauffer & Associates, PLLC

Liberty Lake, Washington
March 29, 2013



STAUFFER & ASSOCIATES PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Northwest Portland Area Indian Health Board
Portland, Oregon

Compliance

We have audited the Northwest Portland Area Indian Health Board's (the Health Board) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. The Health Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Health Board's management. Our responsibility is to express an opinion on the Health Board's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Health Board's compliance with those requirements.

In our opinion, the Northwest Portland Area Indian Health Board, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.



Internal Control Over Compliance

Management of the Health Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Health Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Board'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 a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stamlyn & Associates, PLLC

Liberty Lake, Washington
March 29, 2013

Northwest Portland Area Indian Health Board

Schedule of Findings and Questioned Costs

Year Ended September 30, 2012

Section I -- Summary of Auditors' Results

FINANCIAL STATEMENTS:

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified ☐ yes ☒ none reported
- Noncompliance material to financial
statements noted? ☐ yes ☒ no

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified ☐ yes ☒ none reported

Type of auditors' report issued on
compliance for major programs:

Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with section .510(a) of Circular A-133?

☐ yes ☒ no

Northwest Portland Area Indian Health Board

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2012

Section I -- Summary of Auditors' Results (continued)

FEDERAL AWARDS (continued):

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
<u>93.231</u>	<u>Epidemiology Center</u>
<u>93.307</u>	<u>Child Safety Seat Intervention</u>
<u>93.715</u>	<u>ARRA – Improving Data & Access</u>
<u>93.933</u>	<u>Native American Research Center for Health</u>

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

Northwest Portland Area Indian Health Board

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2012

Section II -- Financial Statement Findings

No matters were reported

Section III -- Federal Award Findings and Questioned Costs

No matters were reported

AUDITEE'S SECTION

Northwest Portland Area Indian Health Board
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012

	Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Award Number	Expenditures (Revenue Recognized)
Program #	U.S. Department of Health and Human Services:			
	Indian Health Service:			
100	Health Management Development Program	93.228	248-96-0011	\$ 2,629,910
110	Epidemiology Center	93.231	U1B940001/14	422,722
112-05	Native American Research Center for Health V	93.933	U261IHS0040-04-00	824,009
112-06	Native American Research Center for Health VI	93.933	U261IHS0050-03-00	<u>643,369</u>
	Subtotal			<u>1,467,378</u>
109	American Indian/Alaska Native HITECH REC	93.718	90RC0060/01	243,324
111	Special Diabetes Program for Indians	93.237	H1D9400389/12	253,853
135	Centers for Disease Control and Prevention: Injury Prevention Program	93.284	D261IHS0079-03-00	82,115
122	National Cancer Prevention	93.283	1U58DP0003935-01	319,744
152	Public Health Infrastructure	93.507	5U58CD001295-03	155,755
138	Agency for Healthcare Research and Quality ARRA - Improving Data & Access	93.715	1R01HS019972-01	392,323
151	Substance Abuse and Mental Health Services Administration: SAMHSA	93.104	5U79SM058513-05	2,002,077
141	National Institute of Health: NW Tribal Cancer Navigator	93.399	5U01CA116925-05	82,653
142	Child Safety Seat Intervention	93.307	5R24MD002763-05	501,770
162	Public Health Service: Improving Data and Enhancing Access	93.137	AIAMP120012-01-00	<u>3,244</u>
	Total direct HHS funding			<u>\$ 8,556,868</u>
128	Passed through ASTHO Tribal Center Consortium	93.283	16011-2	\$ 178,634
918	Passed through Fred Hutchinson Cancer Research Center Multi-State Study of Cancer Treatment	93.393	0000669180	36,265
923	Passed through Inter Tribal Council of Arizona, Inc. Teen Pregnancy Prevention	93.092	90AT0013	150,899
927	Passed through Oregon Health Insurance Exchange Health Insurance	93.525	12-0005	16,035
909	Passed through Kaiser Foundation: PTOTS	93.837	5U01HL081624-05	10,882
932	Passed Through National Indian Health Board CMS AI/AN Strategic Plan	93.---	IDDA-08-48	14,455
330	Passed through Oregon Health & Science University: CRC Toolkit	93.910	9003617	1,925
926	Youth Empowerment Program	93.135	GPHPM0169A	38,264
921	Passed through University of Texas Health Science Center at Houston: It's Your Game	93.135	0008015B	92,125
216	Passed through State of Oregon Department of Human Services: TROCD	93.070	131134	11,951
306	Passed through University of Washington: Bio-Terrorism Program	93.003	317944	<u>7,582</u>
	Total pass-through funding			<u>\$ 559,017</u>
	Total HHS funding			<u>\$ 9,115,885</u>
	Reconciliation of federal program expenses per statement of activities to total expenditures of federal awards:			
	Program expenses - federal grants and contracts			\$ 7,316,856
	Indirect expenses - federal grants and contracts			<u>1,799,029</u>
	Total expenditures of federal awards			<u>\$ 9,115,885</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2012

NOTE 1 – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Northwest Portland Area Indian Health Board (the Health Board) under programs of the federal government for the year ended September 30, 2012. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Health Board, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Health Board.

NOTE 2 – SUMMARY OF SIGNIFICANT POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles, contained in OMB Circular A122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS:

Of the federal expenditures presented in the Schedule, Northwest Portland Area Indian Health Board provided federal awards to subrecipients as follows:

<u>Program #</u>	<u>Program Name</u>	<u>Amount Provided</u>
100	93.228 - Health Management Development Program	\$ 405,508
128	93.283 - Tribal Center Consortium	63,000
138	93.715 - ARRA Improving Data & Access	3,707
142	93.307 - Child Safety Seat Intervention	172,874
151	93.104 - SAMHSA	1,723,854
921	93.135 - It's Your Game	7,510
923	93.092 - Teen Pregnancy Prevention	8,900
		<u>\$ 2,385,353</u>

Northwest Portland Area Indian Health Board

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2012

NOTE 4 – LOW-RISK TYPE A PROGRAMS:

The following federal assistance programs were identified by the auditors as Type A programs with expenditures in excess of the Type A program threshold (\$300,000):

- 93.104 SAMHSA
- 93.228 Health Management Development Program
- 93.231 Epidemiology Center
- 93.283 National Cancer Prevention/Tribal Center Consortium
- 93.307 Child Safety Seat Intervention
- 93.715 ARRA – Improving Data & Access
- 93.933 Native American Research Center for Health

They were analyzed by the auditors and CFDA #'s 93.104, 93.228, 93.283, and 93.715 were determined to be low-risk Type A programs within the meaning of OMB Circular A-133 §.520(c). CFDA #'s 93.231, 93.307, and 93.933 were selected for testing as high-risk Type A programs. CFDA #93.715 was selected for testing as a major program to satisfy the percentage-of-coverage requirement of OMB Circular §__.520(f).

NOTE 5 – HIGH-RISK TYPE B PROGRAMS:

The following federal assistance programs were identified by the auditors as Type B programs with expenditures in excess of the Small Program Floor (\$100,000). They were analyzed by the auditors and determined to not be high-risk within the meaning of OMB Circular A-133 §__.520:

- 93.237 Special Diabetes Program for Indians
- 93.718 American Indian/Alaska Native HITECH REC
- 93.507 Public Health Infrastructure
- 93.092 Teen Pregnancy Prevention

Northwest Portland Area Indian Health Board

Corrective Action Plan

Year Ended September 30, 2012

The current year Schedule of Findings and Questioned Costs reported no matters in Section II – Financial Statement Findings nor in Section III – Federal Award Findings and Questioned Costs. Therefore, no corrective action plan is necessary nor has one been prepared.

Northwest Portland Area Indian Health Board

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2012

Findings from Prior Audits' Summary Schedule of Prior Audit Findings (years ended September 30, 2011, and prior)

Finding #11-1

Condition: The Federal accounts receivable and deferred revenue balances did not reconcile to the general ledger and the client was unable to determine what cash receipts were for each program during audit fieldwork. This constitutes a break down in internal controls over general ledger maintenance and financial reporting.

Status: Resolved in the current year

Finding #11-2

Condition: During the audit it was noted that the Native American Rehabilitation Association of the Northwest is responsible for the match for the Health Board's SAMHSA grant. During the fiscal year and the time leading up to fieldwork, the Board had no documentation of the match being made and the amounts the Health Board reported as a match had no supporting documentation. However, supporting documentation was provided by American Rehabilitation Association of the Northwest after fieldwork for an amount that exceeded the matching requirement.

The Health Board's Centers for Disease Control – Tribal EPI Consortium grant also had a matching requirement that was made, however no controls were in place to ensure that the documentation was provided to accounting so the correct amount could be reported.

Status: Resolved in the current year

Finding #11-3

Condition: During the audit it was noted that the Health Board draws down funds from a couple of grants to cover expenditures for its other programs that operate on a reimbursement basis.

Status: Resolved in the current year