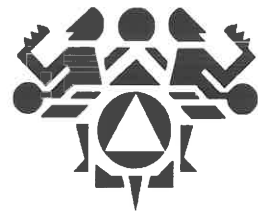


**NORTHWEST PORTLAND AREA
INDIAN HEALTH BOARD**

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



September 30, 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Portland Area Indian Health Board (the Health Board), which comprise the consolidated statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Portland Area Indian Health Board as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of functional expenses for the year ended September 30, 2013, 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*, and summary schedule of prior audit findings (prepared by the Health Board) 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 basic 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 for the year ended September 30, 2013, the schedule of expenditures of federal awards, and the summary schedule or prior audit findings are fairly stated in all material respects in relation to the financial statements as a whole.

The corrective action plan (prepared by the Health Board) in the Single Audit – Auditee's Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2014, 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 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 the Health Boards's internal control over financial reporting and compliance.

Stambler & Associates, PLLC

Liberty Lake, Washington
April 17, 2014

Northwest Portland Area Indian Health Board

Statement of Financial Position

September 30, 2013

Assets

CURRENT ASSETS:

Cash	\$ 2,694,792
Grants and contracts receivable	822,990
Travel and other advances receivable, less allowance for uncollectible amounts of \$30,925	3,583
Prepaid expenses	1,070
Other receivables	2,802
Total current assets	<u>\$ 3,525,237</u>

Liabilities and Net Assets

CURRENT LIABILITIES:

Accounts payable	\$ 538,461
Payroll and related accruals	234,908
Deferred revenue	<u>2,494,677</u>
Total current liabilities	3,268,046

NET ASSETS:

Unrestricted	<u>257,191</u>
Total liabilities and net assets	<u>\$ 3,525,237</u>

Northwest Portland Area Indian Health Board

Statement of Activities

Year Ended September 30, 2013

	Unrestricted
<i>REVENUES AND OTHER SUPPORT:</i>	
Federal assistance	\$ 8,998,681
State assistance	42,556
Private assistance	192,895
Investment income	553
Other income	4,881
Total revenues and other support	<u>9,239,566</u>
<i>EXPENSES:</i>	
Program:	
Health services for Native Americans:	
Federal grants and contracts	7,298,881
State grants and contracts	34,681
Private grants and contracts	168,541
Total program expenses	<u>7,502,103</u>
Supporting:	
General administration	1,732,561
Total expenses	<u>9,234,664</u>
<i>CHANGE IN NET ASSETS</i>	4,902
<i>TOTAL NET ASSETS, BEGINNING OF YEAR</i>	<u>252,289</u>
<i>TOTAL NET ASSETS, END OF YEAR</i>	<u>\$ 257,191</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, 2013

Increase (Decrease) in Cash

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 4,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	30,196
(Increase) decrease in current assets:	
Grants and contracts receivable	(36,718)
Travel and other advances receivable	21,257
Prepaid expenses	42
Increase (decrease) in operating liabilities:	
Accounts payable	33,330
Payroll and related accruals	(16,546)
Deferred revenue - grants	(1,121,617)
Net cash used by operating activities	<u>(1,085,154)</u>

NET DECREASE IN CASH (1,085,154)

CASH, BEGINNING OF YEAR 3,779,946

CASH, END OF YEAR \$ 2,694,792

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 April 17, 2014, the date the financial statements were issued.

NOTE 2 — CASH:

At September 30, 2013, the carrying amount of the Health Board's deposits was \$2,694,792, and the bank balance was \$2,830,168. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation, \$208,771 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, 2013, 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, 2013:

	Balance October 1, 2012	Additions	Balance September 30, 2013
Computer equipment	\$ 24,898	\$ -	\$ 24,898
Furniture and other equipment	130,179	-	130,179
	155,077	-	155,077
Accumulated depreciation	(124,881)	(30,196)	(155,077)
Property and equipment, net of accumulated depreciation	\$ 30,196	\$ (30,196)	\$ -

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, 2013, amounted to \$306,192.

Future minimum lease payments for these leases are as follows:

Years Ending September 30,	
2014	\$ 304,069
2015	307,512
2016	316,222
2017	133,378
	<u>\$ 1,061,181</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, 2013, the Health Board and employees made contributions of \$172,995 and \$132,843, respectively, to individual TSA accounts.

NOTE 7 — SUPPORTING EXPENSES:

For the year ended September 30, 2013, supporting expenses were comprised of the following:

General administration, indirect cost pool	\$ 1,732,029
General administration, other expenses	(466)
General administration, employee fund	<u>998</u>
Total supporting expenses	<u>\$ 1,732,561</u>

NOTE 8 — GRANTS RECEIVABLE AND DEFERRED REVENUE:

The Health Board's grants receivable and deferred revenues at September 30, 2013, were as follows:

	Grants Receivable	Deferred Revenue
United States Government:		
Department of Health and Human Services:		
Indian Health Service	\$ -	\$ (2,363,679)
Centers for Disease Control	161,288	-
Agency for Healthcare Research and Quality	169,594	-
Substance Abuse and Mental Health Service Administration	170,557	-
National Institute of Health	17,471	-
Public Health Service	80,964	-
Pass Through Funding	210,306	(106,211)
State and Other Programs	<u>12,810</u>	<u>(24,787)</u>
Total	<u>\$ 822,990</u>	<u>\$ (2,494,677)</u>

SUPPLEMENTARY INFORMATION

Northwest Portland Area Indian Health Board

Schedule of Functional Expenses - Federal Grants and Contracts

Year Ended September 30, 2013

	100 IHS 638 Contract	109 ARRA American Indian/Alaska Native	110 IHS Epidemiology	111 IHS NW Special Diabetes Project
Salaries and wages	\$ 566,214	\$ 9,664	\$ 225,243	\$ 82,426
Payroll taxes and benefits	234,383	2,574	93,040	33,156
Travel	386,662	4,680	30,218	14,710
Meetings and conferences	148,859	-	1,840	17,450
Training	15,502	-	-	-
Supplies	56,924	-	2,799	10,714
Minor equipment	21,157	-	11,464	6,170
Equipment lease and maintenance	3,367	-	-	-
Rent	5,126	-	-	-
Telephone and cellular services	16,832	468	3,257	1,740
Other administrative	17,714	-	124	-
Printing and publications	43,329	-	4,924	257
Professional services	357,414	161,659	15,013	20,540
Subcontracts and subawards	446,011	-	-	-
Educational support	7,228	-	-	-
Total direct expenses	2,326,722	179,045	387,922	187,163
Indirect expense	737,205	56,399	122,196	58,956
Total expenses	\$ 3,063,927	\$ 235,444	\$ 510,118	\$ 246,119

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

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

Year Ended September 30, 2013

	112 IHS Research Center (NARCH)	122 National Cancer Prevention	128 CDC EPI Consortium	135 Injury Prevention
Salaries and wages	\$ 342,050	\$ 90,811	\$ 8,763	\$ 26,570
Payroll taxes and benefits	107,083	36,800	3,542	15,747
Travel	114,270	66,938	5,777	1,829
Meetings and conferences	-	1,011	11,375	25
Training	68,777	-	-	-
Supplies	10,675	3,514	4,973	10
Minor equipment	5,390	(730)	3,000	-
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	2,237	1,041	-	-
Other administrative	960	1,340	285	31
Printing and publications	15,250	-	-	-
Professional services	88,919	-	1,000	-
Subcontracts and subawards	60,216	17,820	-	-
Educational support	103,503	-	-	-
Total direct expenses	919,330	218,545	38,715	44,212
Indirect expense	248,573	68,842	12,195	13,927
Total expenses	<u>\$ 1,167,903</u>	<u>\$ 287,387</u>	<u>\$ 50,910</u>	<u>\$ 58,139</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, 2013

	138 ARRA Improving Data & Access	142 Child Safety Seat Intervention	151 SAMHSA	152 CDC Public Health Infrastructure
Salaries and wages	\$ 133,505	\$ 138,531	\$ 23,777	\$ 48,170
Payroll taxes and benefits	56,179	63,556	6,583	16,750
Travel	26,493	25,542	32,405	20,534
Meetings and conferences	32,701	2,625	430	1,268
Training	-	-	-	42,672
Supplies	8,458	130	1,498	511
Minor equipment	9,717	3,134	3,615	483
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	300	2,123	3,648	-
Other administrative	1,195	1,388	112	105
Printing and publications	8,014	4,568	-	-
Professional services	27,115	21,575	-	126,306
Subcontracts and subawards	13,209	71,606	1,723,764	-
Educational support	-	6,754	-	-
Total direct expenses	316,886	341,532	1,795,832	256,799
Indirect expense	99,819	87,949	22,701	80,892
Total expenses	\$ 416,705	\$ 429,481	\$ 1,818,533	\$ 337,691

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

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

Year Ended September 30, 2013

	153 CMS AI/AN Revised Strategic Plan	162 Improving Data & Access	211 Health Security Preparedness	216 TROCD
Salaries and wages	\$ -	\$ 22,386	\$ -	\$ 2,176
Payroll taxes and benefits	-	10,131	-	1,148
Travel	-	3,011	5,539	53
Meetings and conferences	-	-	-	50
Training	-	-	-	-
Supplies	-	526	-	-
Minor equipment	-	22,925	-	-
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	-	-	-	-
Other administrative	-	124	-	-
Printing and publications	-	-	-	-
Professional services	287	-	-	-
Subcontracts and subawards	-	-	-	-
Educational support	-	-	-	-
Total direct expenses	287	59,103	5,539	3,427
Indirect expense	91	18,617	1,745	1,079
Total expenses	\$ 378	\$ 77,720	\$ 7,284	\$ 4,506

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

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

Year Ended September 30, 2013

	306 Bio- Terrorism Program	330 CRC Toolkit	331 CDC Investigations and Technical Assistance	918 FHCRC Multi-State
Salaries and wages	\$ -	\$ 5,885	\$ 10,159	\$ 7,998
Payroll taxes and benefits	-	1,238	4,169	2,829
Travel	17,670	-	7,665	366
Meetings and conferences	(500)	-	533	-
Training	10,165	-	-	-
Supplies	739	-	-	2,100
Minor equipment	-	-	-	-
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	-	-	-	-
Other administrative	254	-	-	186
Printing and publications	-	-	-	-
Professional services	1,105	-	-	-
Subcontracts and subawards	-	-	1,000	825
Educational support	-	-	-	600
Total direct expenses	29,433	7,123	23,526	14,904
Indirect expense	9,272	2,244	7,411	4,695
Total expenses	\$ 38,705	\$ 9,367	\$ 30,937	\$ 19,599

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

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

Year Ended September 30, 2013

	921 It's Your Game	923 Teen Pregnancy Prevention	926 Youth Empowerment Program	927 Health Insurance Exchange
Salaries and wages	\$ 39,140	\$ 18,598	\$ -	\$ 1,894
Payroll taxes and benefits	17,928	8,501	93	599
Travel	7,711	8,630	-	5,114
Meetings and conferences	-	879	-	-
Training	-	-	-	-
Supplies	189	6,289	-	-
Minor equipment	3,333	-	-	-
Equipment lease and maintenance	-	-	-	-
Rent	-	-	-	-
Telephone and cellular services	-	-	-	-
Other administrative	433	2,719	-	-
Printing and publications	-	-	-	-
Professional services	120	4,075	-	29
Subcontracts and subawards	-	-	-	-
Educational support	1,490	4,666	-	-
Total direct expenses	70,344	54,357	93	7,636
Indirect expense	22,158	17,122	29	2,405
Total expenses	\$ 92,502	\$ 71,479	\$ 122	\$ 10,041

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
Federal Grants and Contracts (Continued)****Year Ended September 30, 2013**

	928 Spirit of Eagles	932 CMS AI/AN Strategic Plan	Total
Salaries and wages	\$ 4,950	\$ -	\$ 1,808,910
Payroll taxes and benefits	2,151	-	718,180
Travel	2,332	373	788,522
Meetings and conferences	600	-	219,146
Training	-	-	137,116
Supplies	-	-	110,049
Minor equipment	-	-	89,658
Equipment lease and maintenance	-	-	3,367
Rent	-	-	5,126
Telephone and cellular services	-	-	31,646
Other administrative	-	-	26,970
Printing and publications	-	-	76,342
Professional services	-	-	825,157
Subcontracts and subawards	-	-	2,334,451
Educational support	-	-	124,241
Total direct expenses	10,033	373	7,298,881
Indirect expense	3,160	118	1,699,800
Total expenses	\$ 13,193	\$ 491	\$ 8,998,681

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

Schedule of Functional Expenses - State Grants and Contracts

Year Ended September 30, 2013

	209 Restricted Medical Press Grant	Total
Subcontracts and subawards	\$ 34,681	\$ 34,681
Total direct expenses	34,681	34,681
Indirect expense	7,875	7,875
Total expenses	\$ 42,556	\$ 42,556

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
Private Grants and Contracts****Year Ended September 30, 2013**

	915 Empowering Native Youth	917 Sexual Assault Task Force	919 Hitech	930 Tribal ACA Toolkit
Salaries and wages	\$ 3,107	\$ 8,628	\$ 340	\$ 412
Payroll taxes and benefits	1,499	3,809	87	39
Travel	22,988	845	-	7,311
Meetings and conferences	-	-	-	280
Supplies	(185)	-	-	77
Telephone and cellular services	-	-	-	252
Other administrative	32	-	-	180
Printing and publications	-	-	-	646
Professional services	-	-	-	86,067
Subcontracts and subawards	-	-	-	18,650
Total direct expenses	27,441	13,282	427	113,914
Indirect expense	8,644	4,184	135	11,391
Total expenses	<u>\$ 36,085</u>	<u>\$ 17,466</u>	<u>\$ 562</u>	<u>\$ 125,305</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, 2013**

	933 American Indian Health Commission	Total
Salaries and wages	\$ 7,886	\$ 20,373
Payroll taxes and benefits	5,591	11,025
Travel	-	31,144
Meetings and conferences	-	280
Supplies	-	(108)
Telephone and cellular services	-	252
Other administrative	-	212
Printing and publications	-	646
Professional services	-	86,067
Subcontracts and subawards	-	18,650
	<hr/>	<hr/>
Total direct expenses	13,477	168,541
	<hr/>	<hr/>
Indirect expense	-	24,354
	<hr/>	<hr/>
Total expenses	<u>\$ 13,477</u>	<u>\$ 192,895</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board**Schedule of Functional Expenses -
All Supporting and Program Expenses****Year Ended September 30, 2013**

	Total Program Expenses	Supporting Expenses	Total Expenses
Salaries and wages	\$ 1,829,283	\$ 773,642	\$ 2,602,925
Payroll taxes and benefits	729,205	300,788	1,029,993
Travel	819,666	74,153	893,819
Meetings and conferences	219,426	6,913	226,339
Training	137,116	594	137,710
Supplies	109,941	21,214	131,155
Minor equipment	89,658	16,095	105,753
Equipment lease and maintenance	3,367	51,563	54,930
Rent	5,126	250,476	255,602
Telephone and cellular services	31,898	63,265	95,163
Recruitment advertising	-	75	75
Insurance	-	7,533	7,533
Other administrative	27,182	20,846	48,028
Printing and publications	76,988	7,464	84,452
Professional services	911,224	107,744	1,018,968
Subcontracts and subawards	2,387,782	-	2,387,782
Educational support	124,241	-	124,241
Depreciation and amortization	-	30,196	30,196
Total direct expenses	7,502,103	1,732,561	9,234,664
Indirect expense	1,732,029	(1,732,029)	-
Total expenses	\$ 9,234,132	\$ 532	\$ 9,234,664

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, 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, the financial statements of Northwest Portland Area Indian Health Board (the Health Board) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Health Board's basic financial statements and have issued our report thereon dated April 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2013-001 and 2013-002 that we consider to be significant deficiencies.



Compliance and Other Matters

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

Northwest Portland Area Indian Health Board's Response to Findings

The Health Board's responses to the findings identified in our audit are described in its corrective action plan. The Health Board's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stauffer & Associates, PLLC

Liberty Lake, Washington
April 17, 2014



STAUFFER & ASSOCIATES PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited 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 the Health Board's major federal programs for the year ended September 30, 2013. 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.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Health Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Health Board's compliance.



Opinion on Each Major Federal Program

In our opinion, Northwest Portland Area Indian Health Board 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 September 30, 2013.

Report on Internal Control Over Compliance

Management of the Health Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Health Board'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 its major federal programs 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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stauffer & Associates, PLLC

Liberty Lake, Washington
April 17, 2014

Northwest Portland Area Indian Health Board

Schedule of Findings and Questioned Costs

Year Ended September 30, 2013

Section I -- Summary of Auditors' Results

FINANCIAL STATEMENTS:

Type of auditors' report issued:

Unmodified

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:

Unmodified

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, 2013

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>
93.228	Health Management Development Program
93.283	NW Tribal Comprehensive Cancer Program/ Tribal Center Consortium/Investigations and Technical Assistance
93.507	Public Health Infrastructure
93.715	ARRA – Improving Data & Access
93.718	ARRA – American Indian/Alaska Native HITECH REC

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, 2013

Section II -- Financial Statement Findings

FINDING #2013-001

Criteria: Federal Award recipients are required to have an adequate subrecipient monitoring and follow-up system covering entities to which it has passed through funds. A pass-through entity is responsible for:

- Award Identification
- During-the-Award Monitoring
- Subrecipient Audits
- Pass-Through Entity Impact
- Central Contractor Registration

Condition: It was noted during the audit that the Health Board does not have a uniform written system in place to ensure that it properly identifies federal award information and compliance requirements to its subrecipients.

☐ *Compliance Finding* ☒ *Significant Deficiency* ☐ *Material Weakness*

Effect: Entities receiving pass-through dollars may not be aware they are receiving federal dollars or be fully aware of all compliance requirements.

Recommendation: We recommend the Health Board develop a uniform award letter/contract for all sub-awards it makes to its member Tribes.

Cause: The Health Board was not aware that the pass-through transactions they were making to their member Tribes were considered to be subrecipient transactions.

Northwest Portland Area Indian Health Board

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2013

Section II -- Financial Statement Findings (continued)

FINDING #2013-002

Criteria: A cost is allowable for federal reimbursement only to the extent of benefits received by federal awards and its conformance with the general policies and principles stated in A-87, Attachment A.

Condition: Certain Health Board employees travel extensively during the normal course of business. Instances were noted during the audit where family members traveled with employees and the Health Board paid for some of these travel costs and was not reimbursed in a timely manner.

☐ *Compliance Finding* ☒ *Significant Deficiency* ☐ *Material Weakness*

Effect: These costs are not allowable and the Health Board is overstating its expenditures.

Recommendation: We recommend that the Health Board record personal charges to a receivable account (versus expensing) and monitor this receivable monthly to insure reimbursements are made timely.

Cause: Staff turnover in the past year in the accounts payable position has made it difficult to monitor travel reimbursements closely.

Northwest Portland Area Indian Health Board

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2013

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, 2013

	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	\$ 3,063,927
110	Epidemiology Center	93.231	U1B940001/14	510,118
112-05	Native American Research Center for Health V	93.933	U261IHS0040-04-00	651,465
112-06	Native American Research Center for Health VI	93.933	U261IHS0050-03-00	516,438
	Subtotal			<u>1,167,903</u>
111	Special Diabetes Program for Indians	93.237	HID9400389/12	246,119
	Centers for Disease Control and Prevention:			
135	Injury Prevention Program	93.284	D261IHS0079-03-00	58,139
122	NW Tribal Comprehensive Cancer Program	93.283	1U58DP003935-01	287,387
152	Public Health Infrastructure	93.507	5U58CD001295-03	337,691
	Agency for Healthcare Research and Quality:			
138	ARRA - Improving Data & Access	93.715	1R01HS019972-01	416,705
	Substance Abuse and Mental Health Services Administration:			
151	SAMHSA	93.104	5U79SM058513-05	1,818,533
	National Institute of Health:			
142	Child Safety Seat Intervention	93.307	5R24MD002763-05	429,481
	Public Health Service:			
162	Improving Data and Enhancing Access	93.137	AIAMP120012-01-00	77,720
	Total direct HHS funding			<u>\$ 8,413,723</u>
	Passed through ASTHO:			
128	Tribal Center Consortium	93.283	16011-2	\$ 50,910
	Passed through Fred Hutchinson Cancer Research Center:			
918	Multi-State Study of Cancer Treatment	93.393	0000669180	19,599
	Passed through Inter Tribal Council of Arizona, Inc.:			
923	Teen Pregnancy Prevention	93.092	90AT0013	71,479
	Passed through Oregon Health Insurance Exchange:			
927	Health Insurance	93.525	12-0005	10,041
	Passed Through National Indian Health Board:			
109	ARRA - American Indian/Alaska Native HITECH REC	93.718	90RC0060/01	235,444
932	CMS AI/AN Strategic Plan	93.---	IDDA-08-48	491
153	CMS AI/AN Revised Strategic Plan	93.---	IDDA-08-48	378
	Subtotal			<u>869</u>
	Passed Through Mayo Clinic:			
928	Spirit of Eagles Communities Network Program	93.397	5U54CA153605-03	13,193
	Passed through State of Washington, Department of Health:			
331	CDC Investigations and Technical Assistance	93.283	N20181	30,937
	Passed through Oregon Health & Science University:			
330	CRC Toolkit	93.910	9003617	9,367
926	Youth Empowerment Program	93.135	GPHPM0169A	122
	Passed through State of Oregon, Oregon Health Authority:			
211	Health Security Preparedness and Response Program	93.889	141857	7,284
	Passed through University of Texas Health Science Center at Houston:			
921	It's Your Game	93.135	0008015B	92,502
	Passed through State of Oregon Department of Human Services:			
216	TROCD	93.070	131134	4,506
	Passed through University of Washington:			
306	Bio-Terrorism Program	93.003	317944	38,705
	Total pass-through funding			<u>\$ 584,958</u>
	Total HHS funding			<u>\$ 8,998,681</u>

See accompanying independent auditors' report.

Northwest Portland Area Indian Health Board

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2013

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, 2013. 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:

Program #	Program Name	Amount Provided
100	93.228 - Health Management Development Program	\$ 276,777
112	93.933 - NARCH	32,500
122	93.283 - NW Tribal Comprehensive Cancer Plan	17,820
138	93.715 - ARRA Improving Data & Access	13,209
142	93.307 - Child Safety Seat Intervention	65,846
151	93.104 - SAMHSA	1,723,764
918	93.393 - Multi-State Study of Cancer Treatment	825
		<u>\$ 2,130,741</u>

Northwest Portland Area Indian Health Board

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2013

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 NW Tribal Comprehensive Cancer/Tribal Center Consortium/Investigation and Technical Assistance
- 93.307 Child Safety Seat Intervention
- 93.507 Public Health Infrastructure
- 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, 93.231, 93.307, and 93.933 were determined to be low-risk Type A programs within the meaning of OMB Circular A-133 §.520(c). CFDA #'s 93.228, 93.283, 93.507, and 93.715 were selected for testing as high-risk Type A programs within the meaning 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 CFDA # 93.718 was selected for testing as a high-risk Type B program within the meaning of OMB Circular A-133 §__.520:

- 93.237 Special Diabetes Program for Indians
- 93.718 ARRA - American Indian/Alaska Native HITECH REC

Northwest Portland Area Indian Health Board

Corrective Action Plan

Year Ended September 30, 2013

Person responsible for corrective action:

Jacqueline Left Hand Bull, Administrative Officer
2121 SW Broadway Drive, Suite 300
Portland, OR 97201
(503)228-4185

Finding #2013-001

Condition: It was noted during the audit that the Health Board does not have a uniform written system in place to ensure that it properly identifies federal award information and compliance requirements to its sub-recipients.

The Health Board does have an approved template for all contracts that it makes with sub-recipients, and that template includes the CFDA number; when that template is properly filled out, the sub-recipients are aware that they are receiving federal dollars. However, our new understanding is that it is our responsibility to also inform all the sub-recipients of relevant federal compliance requirements. We are now working on adjusting the template to capture these requirements.

For small awards (“mini-grants” for activities around a specific health education concern) to sub-recipients, we are also now working on a format that is uniform, and that will include the compliance requirements.

Finding #2013-002

Condition: “Certain Health Board employees travel extensively during the normal course of business. Instances were noted during the audit where family members traveled with employees and the Health Board paid for some of these travel costs and was not reimbursed in a timely manner.”

The finance department has now identified an accounts receivable GL code to which it will post charges for travel expenses of family members who are traveling with employees. Currently, any such travel for family members is noted in two places on the travel authorization form; ordinarily a check to pay for the expense of the family member is included with the trip report. However, the GL accounts receivable code will catch any unpaid expenses so they will be paid in a timely manner.

Northwest Portland Area Indian Health Board

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2013

Findings from Prior Audits' Summary Schedule of Prior Audit Findings (years ended September 30, 2012, and prior)

No unresolved findings noted.