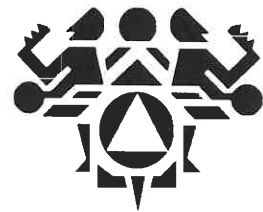


# **NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD**

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**Financial Statements and  
Independent Auditors' Reports**



**September 30, 2016**

# Northwest Portland Area Indian Health Board

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## 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 statement of financial position as of September 30, 2016, 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, 2016, 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, 2016, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information is 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 XX, 2017, 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* in considering the Health Boards’s internal control over financial reporting and compliance.

Liberty Lake, Washington  
April XX, 2017

# Northwest Portland Area Indian Health Board

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## Statement of Financial Position

September 30, 2016

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### *Assets*

#### *CURRENT ASSETS:*

Cash	\$ 3,924,220
Grants and contracts receivable	1,222,548
Prepaid expenses	5,655
Total current assets	<u>\$ 5,152,423</u>

#### *PROPERTY AND EQUIPMENT, net*

17,250

#### Total assets

\$ 5,169,673

### *Liabilities and Net Assets*

#### *CURRENT LIABILITIES:*

Accounts payable	\$ 522,088
Payroll and related accruals	307,526
Deferred revenue	2,991,313
Total current liabilities	<u>3,820,927</u>

#### *NET ASSETS:*

Unrestricted	<u>1,348,746</u>
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#### Total liabilities and net assets

\$ 5,169,673

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

# Northwest Portland Area Indian Health Board

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## Statement of Activities

Year Ended September 30, 2016

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	<u>Unrestricted</u>
<i>REVENUES AND OTHER SUPPORT:</i>	
Federal assistance	\$ 7,381,141
Private assistance	683,299
Investment income	344
Other income	10,028
Total revenues and other support	<u>8,074,812</u>
<i>EXPENSES:</i>	
Program:	
Health services for Native Americans:	
Federal grants and contracts	5,639,276
Private grants and contracts	656,735
Total program expenses	<u>6,296,011</u>
Supporting:	
General administration	1,765,900
Total expenses	<u>8,061,911</u>
<i>CHANGE IN NET ASSETS</i>	12,901
<i>TOTAL NET ASSETS, BEGINNING OF YEAR</i>	<u>1,335,845</u>
<i>TOTAL NET ASSETS, END OF YEAR</i>	<u><u>\$ 1,348,746</u></u>

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

# Northwest Portland Area Indian Health Board

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## Statement of Cash Flows

Year Ended September 30, 2016

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### *Increase (Decrease) in Cash*

#### *CASH FLOWS FROM OPERATING ACTIVITIES:*

Change in net assets	\$ 12,901
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated artwork	(17,250)
(Increase) decrease in current assets:	
Grants and contracts receivable	(963,893)
Travel and other advances receivable	18,714
Prepaid expenses	(612)
Increase (decrease) in operating liabilities:	
Accounts payable	431,186
Payroll and related accruals	1,791
Deferred revenue - grants	(203,751)
Net cash provided by operating activities	<u>(720,914)</u>

*NET INCREASE IN CASH* (720,914)

*CASH, BEGINNING OF YEAR* 4,645,134

*CASH, END OF YEAR* \$ 3,924,220

# Northwest Portland Area Indian Health Board

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## Notes to Basic Financial Statements

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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#### *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 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

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## Notes to Basic Financial Statements

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

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#### *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.

The net book value of property and equipment at September 30, 2016, was \$17,250.

*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 XX, 2017, the date the financial statements were issued.

### **NOTE 2 — CASH:**

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At September 30, 2016, the carrying amount of the Health Board's deposits was \$3,924,220, and the bank balance was \$4,043,719. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation and the remaining balance was covered by additional collateral pledged by Wells Fargo. During the year ended September 30, 2016, 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, 2016:

	Balance October 1, 2015	Additions	Balance September 30, 2016
Fixed assets being depreciated:			
Computer equipment	\$ 24,898	\$ -	\$ 24,898
Furniture and other equipment	130,179	-	130,179
	155,077	-	155,077
Accumulated depreciation	(155,077)	-	(155,077)
Property and equipment, net of accumulated depreciation	-	-	-
Fixed assets not being depreciated:			
Artwork	-	17,250	17,250
	-	17,250	17,250
Totals	\$ -	\$ 17,250	\$ 17,250

### 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, 2016, amounted to \$329,965.

Future minimum lease payments for these leases are as follows:

Years Ending September 30,	
2017	310,739
2018	313,241
2019	321,072
2020	329,099
2021	337,326
2022 - 2026	940,336
	<u>\$ 2,551,813</u>

# Northwest Portland Area Indian Health Board

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## Notes to Basic Financial Statements

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### ***NOTE 5 — CONTINGENT LIABILITIES:***

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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.

### ***NOTE 6 — RETIREMENT PLAN:***

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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, 2016, the Health Board and employees made contributions of \$236,60 and \$210,062, respectively, to individual TSA accounts.

### ***NOTE 7 — SUPPORTING EXPENSES:***

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For the year ended September 30, 2016, supporting expenses were comprised of the following:

General administration, indirect cost pool	\$ 1,758,740
General administration, other expenses	6,461
General administration, employee fund	<u>699</u>
Total supporting expenses	<u>\$ 1,765,900</u>

# Northwest Portland Area Indian Health Board

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## Notes to Basic Financial Statements

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### ***NOTE 8 — GRANTS RECEIVABLE AND DEFERRED REVENUE:***

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The Health Board's grants receivable and deferred revenue at September 30, 2016, were as follows:

	Grants Receivable	Deferred Revenue
United States Government:		
Department of Health and Human Services	\$ 1,220,180	\$ 1,740,574
State and Other Programs	2,368	1,250,739
Total	<u>\$ 1,222,548</u>	<u>\$ 2,991,313</u>

### ***NOTE 8 – CONCENTRATION OF CONTRIBUTIONS OR GRANTS***

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The Health Board receives approximately all of its annual revenues from federal financial assistance awards directly from departments of the U.S. government or pass-through state and not-for-profit grantors.

## **SUPPLEMENTARY INFORMATION**

# Northwest Portland Area Indian Health Board

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

Year Ended September 30, 2016

	100 IHS 638 Contract	110 IHS Epidemiology	111 IHS NW Special Diabetes Project	114 IHS Research Center (NARCH)
Salaries and wages	\$ 375,071	\$ 405,690	\$ 120,883	\$ 132,711
Payroll taxes and benefits	119,021	149,864	44,838	21,020
Travel	225,411	51,542	17,668	49,279
Meetings and conferences	27,863	21,482	(2,689)	130,949
Training	5,350	8,338	10,790	4,771
Supplies	5,790	8,343	22,886	7,139
Minor equipment	14,919	15,756	-	3,099
Telephone and cellular services	12,527	2,697	115	1,784
Other administrative	24,403	1,756	1,148	106
Printing and publications	5,201	7,666	-	33,674
Professional services	6,099	7,043	20,118	53,150
Subcontracts and subawards - first \$25,000	119,186	5,817	-	-
Subcontracts and subawards	156,810	-	-	-
Educational support	17,452	500	-	206,103
Total direct expenses	1,115,103	686,494	235,757	643,785
Indirect expense	354,316	253,985	87,142	161,942
Total expenses	\$ 1,469,419	\$ 940,479	\$ 322,899	\$ 805,727

# Northwest Portland Area Indian Health Board

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

Year Ended September 30, 2016

	117 WEAVE	118 Reaching Out Involves Everyone	119 IHS Research Center (NARCH)	122 National Cancer Prevention
Salaries and wages	\$ 267,229	\$ 113,964	\$ 128,382	\$ 94,423
Payroll taxes and benefits	112,918	44,048	45,931	32,242
Travel	61,340	19,300	35,023	22,501
Meetings and conferences	17,103	27,724	1,320	21,361
Training	5,452	-	-	8,486
Supplies	6,654	4,508	1,539	1,284
Minor equipment	10,759	3,570	371	418
Telephone and cellular services	-	683	27	1,102
Other administrative	373	3,217	1,358	390
Printing and publications	935	2,400	144	-
Professional services	200	19,200	9,725	8,900
Subcontracts and subawards - first \$25,000	287,500	104,949	20,018	46,999
Subcontracts and subawards	122,438	311,120	-	-
Educational support	-	2,896	4,390	-
Total direct expenses	892,901	657,579	248,228	238,106
Indirect expense	285,072	128,190	91,822	88,099
Total expenses	\$ 1,177,973	\$ 785,769	\$ 340,050	\$ 326,205

**Northwest Portland Area Indian Health Board****Schedule of Functional Expenses -  
Federal Grants and Contracts (Continued)****Year Ended September 30, 2016**

	123 THRIVE Area 4	124 THRIVE Area 2	128 CDC EPI Consortium	135 Injury Prevention
Salaries and wages	\$ 20,572	\$ 27,141	\$ 3,890	\$ -
Payroll taxes and benefits	8,350	13,091	2,042	-
Travel	1,314	10,068	-	5,064
Meetings and conferences	5,860	17,231	-	443
Training	-	-	-	-
Supplies	432	180	-	-
Minor equipment	-	-	40	-
Telephone and cellular services	398	-	-	-
Other administrative	50	420	60	1
Printing and publications	-	-	-	-
Professional services	4,003	10,100	-	-
Subcontracts and subawards - first \$25,000	800	-	-	-
Subcontracts and subawards	-	-	-	-
Educational support	-	-	-	-
Total direct expenses	41,779	78,231	6,032	5,508
Indirect expense	15,459	28,945	2,232	2,038
Total expenses	<u>\$ 57,238</u>	<u>\$ 107,176</u>	<u>\$ 8,264</u>	<u>\$ 7,546</u>



**Northwest Portland Area Indian Health Board****Schedule of Functional Expenses -  
Federal Grants and Contracts (Continued)****Year Ended September 30, 2016**

	142 Child Safety Seat Intervention	143 Dental Prevention	152 CDC Public Health Infrastructure	162 Improving Data & Access
Salaries and wages	\$ 110,954	\$ 42,477	\$ 1,627	\$ 70,420
Payroll taxes and benefits	50,125	16,513	490	20,467
Travel	4,989	9,662	243	11,848
Meetings and conferences	350	1,552	-	10,005
Training	-	-	-	2,021
Supplies	-	3,803	-	1,098
Minor equipment	-	-	746	8,412
Telephone and cellular services	1,578	1,692	-	-
Other administrative	97	-	-	2,475
Printing and publications	-	58	-	21,566
Professional services	7,271	900	-	200
Subcontracts and subawards - first \$25,000	13,085	63,482	-	-
Subcontracts and subawards	-	51,680	-	-
Educational support	-	-	-	-
Total direct expenses	188,449	191,819	3,106	148,512
Indirect expense	64,884	51,851	1,149	54,949
Total expenses	<u>\$ 253,333</u>	<u>\$ 243,670</u>	<u>\$ 4,255</u>	<u>\$ 203,461</u>

**Northwest Portland Area Indian Health Board****Schedule of Functional Expenses -  
Federal Grants and Contracts (Continued)****Year Ended September 30, 2016**

	211 Health Security Preparedness	216 TROCD	220 Regional Training Center	306 Bio- Terrorism Program
Salaries and wages	\$ -	\$ 12,644	\$ 51,004	\$ 1,275
Payroll taxes and benefits	-	4,820	22,332	640
Travel	-	606	11,556	-
Meetings and conferences	740	(78)	1,160	17,664
Training	5,147	-	-	8,603
Supplies	-	-	200	-
Minor equipment	-	-	-	-
Telephone and cellular services	-	-	-	-
Other administrative	-	1	200	-
Printing and publications	-	-	-	-
Professional services	-	225	-	-
Subcontracts and subawards - first \$25,000	-	-	-	-
Subcontracts and subawards	-	-	-	-
Educational support	-	-	1,500	-
Total direct expenses	5,887	18,218	87,952	28,182
Indirect expense	2,178	6,740	6,916	10,428
Total expenses	<u>\$ 8,065</u>	<u>\$ 24,958</u>	<u>\$ 94,868</u>	<u>\$ 38,610</u>

**Northwest Portland Area Indian Health Board****Schedule of Functional Expenses -  
Federal Grants and Contracts (Continued)****Year Ended September 30, 2016**

	309 Emergency Preparedness	310 Health Promotion	311 HPV Project	923 Teen Pregnancy Prevention
Salaries and wages	\$ 22,509	\$ 2,428	\$ 3,413	\$ -
Payroll taxes and benefits	10,377	889	1,369	-
Travel	-	-	106	2,006
Meetings and conferences	-	-	-	7,300
Training	-	-	-	-
Supplies	-	-	2,700	-
Minor equipment	-	-	-	-
Telephone and cellular services	-	-	-	1,271
Other administrative	-	-	-	3,786
Printing and publications	-	-	-	-
Professional services	-	-	-	51,458
Subcontracts and subawards - first \$25,000	-	-	-	6,578
Subcontracts and subawards	-	-	-	-
Educational support	-	-	-	1,458
Total direct expenses	32,886	3,317	7,588	73,857
Indirect expense	12,167	1,227	2,807	27,327
Total expenses	\$ 45,053	\$ 4,544	\$ 10,395	\$ 101,184

**Northwest Portland Area Indian Health Board**

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**Schedule of Functional Expenses -  
Federal Grants and Contracts (Continued)****Year Ended September 30, 2016**

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	<u>Total</u>
Salaries and wages	\$ 2,008,707
Payroll taxes and benefits	721,387
Travel	539,526
Meetings and conferences	307,340
Training	58,958
Supplies	66,556
Minor equipment	58,090
Telephone and cellular services	23,874
Other administrative	39,841
Printing and publications	71,644
Professional services	198,592
Subcontracts and subawards - first \$25,000	668,414
Subcontracts and subawards	642,048
Educational support	<u>234,299</u>
 Total direct expenses	 5,639,276
 Indirect expense	 <u>1,741,865</u>
 Total expenses	 <u><u>\$ 7,381,141</u></u>

**Northwest Portland Area Indian Health Board****Schedule of Functional Expenses -  
Private Grants and Contracts (Continued)****Year Ended September 30, 2016**

	911 Yellowhawk Cancer Data Project	936 PEW Charitable Trusts	937 Kellog Foundation	939 TARGET
Salaries and wages	\$ 3,241	\$ 69,867	\$ 56,662	\$ -
Payroll taxes and benefits	1,615	21,804	15,041	-
Travel	-	3,106	75,163	2,432
Meetings and conferences	-	425	71,509	(815)
Supplies	-	138	3,826	-
Minor equipment	-	-	4,433	-
Telephone and cellular services	-	86	-	-
Other administrative	-	1	4,087	61
Printing and publications	-	814	2,416	-
Professional services	-	66,831	42,562	50
Subcontracts and subawards - first \$25,000	-	-	47,640	-
Subcontracts and subawards	-	-	91,940	-
Educational support	-	-	71,800	-
Total direct expenses	4,856	163,072	487,079	1,728
Indirect expense	1,797	8,154	15,973	640
Total expenses	\$ 6,653	\$ 171,226	\$ 503,052	\$ 2,368

**Northwest Portland Area Indian Health Bo****Schedule of Functional Expenses -  
Private Grants and Contracts (Continued)****Year Ended September 30, 2016**

	<u>Total</u>
Salaries and wages	\$ 129,770
Payroll taxes and benefits	38,460
Travel	80,701
Meetings and conferences	71,119
Supplies	3,964
Minor equipment	4,433
Telephone and cellular services	86
Other administrative	4,149
Printing and publications	3,230
Professional services	109,443
Subcontracts and subawards - first \$25,000	47,640
Subcontracts and subawards	91,940
Educational support	<u>71,800</u>
Total direct expenses	656,735
Indirect expense	<u>26,564</u>
Total expenses	<u>\$ 683,299</u>

## Northwest Portland Area Indian Health Board

### Schedule of Functional Expenses - All Supporting and Program Expenses

Year Ended September 30, 2016

	Total Program Expenses	Supporting Expenses	Total Expenses
Salaries and wages	\$ 2,138,477	\$ 846,888	\$ 2,985,365
Payroll taxes and benefits	759,847	288,677	1,048,524
Travel	620,227	63,724	683,951
Meetings and conferences	378,459	16,054	394,513
Training	58,958	299	59,257
Supplies	70,520	25,635	96,155
Minor equipment	62,523	7,552	70,075
Equipment lease and maintenance	-	60,152	60,152
Rent	-	269,813	269,813
Telephone and cellular services	23,960	54,462	78,422
Insurance	-	10,367	10,367
Other administrative	43,990	5,549	49,539
Printing and publications	74,874	6,692	81,566
Professional services	308,035	108,247	416,282
Subcontracts and subawards - first \$25,000	716,054	-	716,054
Subcontracts and subawards	733,988	-	733,988
Educational support	306,099	1,789	307,888
Total direct expenses	6,296,011	1,765,900	8,061,911
Indirect expense	1,768,429	(1,768,429)	-
Total expenses	\$ 8,064,440	\$ (2,529)	\$ 8,061,911

## **SINGLE AUDIT**



## **AUDITORS' SECTION**

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, 2016, 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 XX, 2017.

**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.

## **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*.

## **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.

Liberty Lake, Washington  
April XX, 2017

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

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 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, 2016. 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 each of 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Those standards and *Uniform Guidance* 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, 2016.

## **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 each major federal program and to test and report on internal control over compliance in accordance with *Uniform Guidance*, 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 *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Liberty Lake, Washington  
April XX, 2017

# Northwest Portland Area Indian Health Board

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## Schedule of Findings and Questioned Costs

Year Ended September 30, 2016

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### Section I -- Summary of Auditors' Results

#### FINANCIAL STATEMENTS:

Type of auditors' report issued:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified \_\_\_\_\_ yes   X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

#### FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified \_\_\_\_\_ yes   X   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 2 CFR 200.516(a)?

\_\_\_\_\_ yes   X   no

# Northwest Portland Area Indian Health Board

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## Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2016

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### 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>
93.441	Health Management Development Program
93.933	Native American Research Center for Health VII, VIII, Thrive Purpose Area 4, Thrive Purpose Area 2 and Dental Preventative and Clinical Support

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

\$750,000

Auditee qualified as low-risk auditee?

X  yes   no

# **Northwest Portland Area Indian Health Board**

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## **Schedule of Findings and Questioned Costs (Continued)**

**Year Ended September 30, 2016**

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### **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, 2016**

Program #	Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Award Number	Expenditures (Revenue Recognized)	Expenditures to Subrecipients
<b>U.S. Department of Health and Human Services:</b>					
Indian Health Service:					
100	Health Management Development Program	93.441	248-96-0011	\$ 1,469,419	\$ 125,816
110	Epidemiology Center	93.231	U1B1IHS0004-18-00	940,479	-
114-14	Native American Research Center for Health VII	93.933	U261IHS0074-02-00	805,727	-
119	Native American Research Center for Health VIII - Tots 2 Tweens	93.933	U261IHS0091-02-00	340,050	18,517
123	Reaching out Involves Everyone Thrive-Purpose Area 4	93.933	BH16IHS0021-02-00	57,238	-
124	Reaching out Involves Everyone Thrive-Purpose Area 2	93.933	BH16IHS0016-02-00	107,176	-
143	Dental Preventative and Clinical Support Centers Program	93.933	U3D2IHS0021-01-00	243,670	-
	Subtotal			<u>1,553,861</u>	<u>18,517</u>
111	Special Diabetes Program for Indians	93.237	H1D1IHS0396-15-00	322,899	-
Centers for Disease Control and Prevention:					
117	WEAVE	93.762	IU58DP005463-01	1,177,973	409,938
135	Injury Prevention Program	93.284	D261IHS0079-04-00	7,546	-
122	NW Tribal Comprehensive Cancer Program	93.283	5U58DP003935-03	326,205	46,999
152	Public Health Infrastructure	93.507	5U58CD001295-04	4,255	-
Substance Abuse and Mental Health Services Administration:					
118	Reaching Out Involves Everyone	93.243	IU79SM061780-01	785,769	260,300
National Institute of Health:					
142	Child Safety Seat Intervention	93.307	5R24MD002763-08	253,333	13,085
Public Health Service					
162	Improving Data and Enhancing Access	93.137	AIAMP120012-04-00	203,461	-
	Total direct HHS funding			<u>\$ 7,045,200</u>	<u>\$ 874,655</u>
Passed through ASTHO					
128	Tribal Center Consortium	93.283	16011-2	\$ 8,264	-
Passed through Inter Tribal Council of Arizona, Inc.					
923	Teen Pregnancy Prevention	93.092	90AT0013	101,184	-
Passed through State of Washington, Department of Health:					
309	Public Health Emergency Preparedness	93.069	N21862	45,053	-
Passed through Oregon Health & Science University:					
310	Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	5U48DP005006-02	4,544	-
Passed through State of Oregon, Oregon Health Authority:					
211	Health Security Preparedness and Response Program	93.889	141857	8,065	-
Passed through State of Oregon Department of Human Services:					
216	TROCD	93.070	131134	24,958	-
Passed through University of Washington:					
220	Regional Training Center - UW	93.516	UW5C8179	94,868	-
306	Bio-Terrorism Program	93.003	317944	38,610	-
Passed through University of Iowa:					
311	HPV Signature Project	93.733	32608	10,395	-
	Total pass-through funding			<u>\$ 335,941</u>	<u>\$ -</u>
	Total HHS funding			<u>\$ 7,381,141</u>	<u>\$ 874,655</u>
Reconciliation of federal program expenses per statement of activities to total expenditures of federal awards:					
Program expenses - federal grants and contracts				\$ 5,639,276	
Indirect expenses - federal grants and contracts				<u>1,741,865</u>	
Total expenditures of federal awards				<u>\$ 7,381,141</u>	

# Northwest Portland Area Indian Health Board

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## Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

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### ***NOTE 1 – BASIS OF PRESENTATION:***

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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, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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:***

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Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, 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.

The Health Board did not elect to use the 10% de minimis indirect cost rate.

### ***NOTE 3 – LOW-RISK TYPE A PROGRAMS:***

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The following federal assistance programs were identified by the auditors as Type A programs with expenditures in excess of the Type A program threshold (\$750,000):

- 93.228 Health Management Development Program
- 93.231 Epidemiology Center
- 93.243 Reaching Out Involves Everyone
- 93.762 WEAVE
- 93.933 Native American Research Center for Health

They were analyzed by the auditors and CFDA #'s 93.231, 93.243, 93.762 and 93.933 were determined to be low-risk Type A programs. CFDA #'s 93.228 was selected for testing as high-risk Type A program within the meaning of *Uniform Guidance*. CFDA # 93.933 was selected and tested as a major program to satisfy the percentage of coverage rule of *Uniform Guidance* §200.518(f).

# Northwest Portland Area Indian Health Board

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## Notes to Schedule of Expenditures of Federal Awards (continued)

Year Ended September 30, 2016

### ***NOTE 4- HIGH-RISK TYPE B PROGRAMS:***

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The following federal assistance programs were identified by the auditors as Type B programs with expenditures in excess of the Small Program Floor (\$187,500):

- 93.137 IDEA
- 93.237 Special Diabetes Program for Indians
- 93.283 National Cancer Prevention/CDC Consortium
- 93.307 Child Safety Seat Intervention

The programs were analyzed by the auditors and were determined to not be a high-risk Type B program within the meaning of Uniform Guidance §200.518(d).

### ***NOTE 5 – GROUPED PROGRAMS:***

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The following federal assistant programs have the same CFDA number but are not grouped together on the face of the SEFA due to the SEFA presenting direct federal awards and pass through funds separately:

Program #	Program Name	Expenditures
122	93.283 - NW Tribal Comprehensive Cancer Program	\$ 323,586
128	93.283 - Passed through ASTHO	8,198
		<u>\$ 331,784</u>

## **Northwest Portland Area Indian Health Board**

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### **Corrective Action Plan**

**Year Ended September 30, 2016**

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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**

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## **Summary Schedule of Prior Audit Findings**

**Year Ended September 30, 2016**

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### **Findings from the year ended September 30, 2015**

#### **FINDING #2015-001**

**Condition:** During the current year, an individual turned in travel receipts for reimbursement of costs that were already paid by the Health Board credit card.

**Status:** Resolved in the current year

#### **Findings from Prior Audits' Summary Schedule of Prior Audit Findings (years ended September 30, 2014 and prior):**

No unresolved findings noted.