



LECOMPTE, P.C.

CPAs & Financial Consultants

**ALBUQUERQUE AREA INDIAN
HEALTH BOARD, INC.**

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORTS
September 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements and Supplemental Information	1-2
Management's Discussion and Analysis	3-6
Financial Statements	
Statement of Net Assets	7
Statement of Revenues, Expenses, and Changes in Net Assets	8
Statement of Cash Flows	9
Notes to the Financial Statements	10-17
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Expenditures of Federal Awards	19
Reports on Internal Control Structure and Compliance for Single Audits	
Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	20-21
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	22-23
Schedule of Findings and Questioned Costs	24
Section I – Summary of Auditor's Results	
Section II – Financial Statement Findings	
Section III – Federal Award Findings and Questioned Costs	
Summary Schedule of Prior Year Audit Findings	25



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Albuquerque Area Indian Health Board, Inc.

We have audited the accompanying financial statements of the Albuquerque Area Indian Health Board, Inc. (AAIHB) as of and for the year ended September 30, 2009. These financial statements are the responsibility of the AAIHB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the AAIHB as of September 30, 2009, and the results of its operation and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, we have also issued our report dated March 12, 2010, on our consideration of the AAIHB's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is required by U.S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion such information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Craig A. LeCompte, CPA
LeCompte, P.C.
Rio Rancho, NM
March 12, 2010

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Management's Discussion and Analysis
September 30, 2009

Background

The Albuquerque Area Indian Health Board, Inc. (AAIHB) is a not-for-profit, 501(c) (3), consortium of seven federally recognized tribes in New Mexico and Southern Colorado. AAIHB was incorporated in 1980 to provide direct health care services and to foster self determination in health care delivery systems. Each tribe appoints a representative to the AAIHB Board of Directors. These representatives assess and advocate for the health care needs of their respective tribal communities.

Introduction

This section of the Albuquerque Area Indian Health Board's annual financial report introduces the basic financial statements and presents an analytical overview of the financial position and changes in financial position for the fiscal year ended September 30, 2009. Management has prepared this information. It should be read in conjunction with the Independent Auditor's Report, audited financial statements and the notes thereto. The information being presented provides additional information regarding the activities of the AAIHB and meets the disclosure requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Statement of Net Assets

The Statement of Net Assets is a list of the Assets and Liabilities of the AAIHB at September 30, with the difference being the Net Assets. The Net Assets are categorized as "Invested in Capital Assets," "Restricted," or "Unrestricted." Net Assets Invested in Capital Assets are the fixed assets of the AAIHB reduced by accompanying debt and accumulated depreciation. Restricted Net Assets are those assets subject to externally imposed restrictions governing their use. All other net assets are categorized as Unrestricted.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Management's Discussion and Analysis
September 30, 2009

Condensed Statement of Net Assets (\$)

Assets	2009	2008	Change	% Change
Current assets	1,592,723	1,431,044	161,678	11.3%
Noncurrent assets	712,873	724,473	-11,600	-1.6%
<u>Total Assets</u>	2,305,596	2,155,517	150,078	7.0%
Liabilities				
Current liabilities	1,253,456	1,206,100	47,356	3.9%
Noncurrent liabilities	404,694	422,122	-17,428	-4.1%
<u>Total Liabilities</u>	1,658,150	1,628,222	29,928	1.8%
Net Assets				
Invested in capital assets	189,231	189,909	-678	-0.4%
Restricted	427,694	360,266	67,428	18.7%
Unrestricted	30,521	-22,880	53,401	233.4%
<u>Total Net Assets</u>	647,446	527,295	120,151	22.8%

The increase in assets is due to the recovered book value of the AAIHB's investments, which had experienced a severe decline in the prior fiscal year. There has been a sizable increase in unrestricted net assets, also due to the recovery of AAIHB's investment portfolio value.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the AAIHB's results of operations for the year ended September 30. Below is the Condensed Statement of Revenues, Expenses, and Changes in Net Assets as of September 30, 2009 and 2008.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Management's Discussion and Analysis
September 30, 2009

Condensed Statement of Revenues, Expenses, and Changes in Net Assets (\$)

	2009	2008	Change	%
Operating Revenues				
Program Income	259,992	227,580	32,412	14.2%
Government Grants	2,869,890	2,653,932	215,957	8.1%
Private Donations	5,535	1,497	4,038	269.7%
Total Operating Revenues	3,135,417	2,883,009	252,407	8.8%
Operating Expenses				
Direct Program Expenses	2,628,067	2,425,069	202,998	8.4%
Indirect Cost Expense	489,938	465,935	24,002	5.2%
Total Operating Expenses	3,118,005	2,891,005	227,000	7.9%
Operating Surplus	17,412	-7,995	25,407	317.8%
Nonoperating revenues (expenses)				
Investment Income	96,247	-61,044	157,291	257.7%
Depreciation	-17,802	-28,236	10,434	37.0%
Fund transfer	24,294	22,597	1,697	7.5%
Net Nonoperating Revenues	102,739	-66,683	169,422	254.1%
Net Increase/Decrease in Net	120,151	-74,678	194,829	260.9%
Net Assets-Beginning of Year	527,295	601,971	-74,678	-12.4%
Net Assets-End of Year	647,446	527,295	120,151	22.8%

In FY 2009, revenues increased by 9% and expenditures increased by 8%. Net assets increased by 23% because of the investment portfolio's recovery from the steep decline experienced in FY 2008.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Management's Discussion and Analysis
September 30, 2009

Expenses classified by Function

A comparative summary of the AAIHB's operating expenses by functional classification for the years ended September 30, 2009 and 2008 is included below:

Expenses by Functional Classification (\$)

	2009	2008
Audiology	882,867	805,577
HIV/AIDS/STI prevention	146,126	79,088
Cancer prevention	49,419	127,938
Epidemiology	1,504,436	1,403,231
Special Cultural Projects	45,219	9,235
Overhead/administration	489,938	465,935
<u>Total Operating Expenses</u>	3,118,005	2,891,004

The increase in audiology expenditures reflects increases to audiology staff funded through program revenues. The increase in HIV/AIDS expenditures reflects the AAIHB's sponsorship of a biannual native HIV/AIDS wellness conference. The decrease in cancer prevention outreach is due to a loss of state funding. The increase in epidemiology expenditures is due to supplemental funding for the Albuquerque Area Southwest Tribal Epidemiology Center, the first epidemiology center to serve the native communities of New Mexico, Texas and Colorado. Special projects include two conferences: one for native veterans and one for native health care providers.

Future Outlook

The AAIHB will apply for grants in order to restore cancer prevention services to levels adequate to meet the needs of the consortium communities and to align service delivery with strategic objectives.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.

Statement of Net Assets

As of September 30, 2009

Assets

Current Assets

Cash	\$ 173,057
Short-term investments	1,263,945
Grants and contracts receivable	137,859
Other receivables	12,523
Prepaid expenses	5,339
<i>Total current assets</i>	<u>\$ 1,592,723</u>

Noncurrent Assets

Investments	141,390
Capital Assets, net of accumulated depreciation	571,483
<i>Total Noncurrent Assets</i>	<u>712,873</u>

Total assets

\$ 2,305,596

Liabilities

Current Liabilities

Accounts payable	\$ 178,422
Accrued liabilities	47,796
Mortgage payable	11,427
Deferred revenues	1,015,811
<i>Total current liabilities</i>	<u>\$ 1,253,456</u>

Noncurrent liabilities

Compensated Absences Payable	33,868
Mortgage Payable	370,826

Total Liabilities

\$ 1,658,150

Net Assets

Invested in Capital Assets net of related debt	189,231
Restricted	427,694
Unrestricted	30,521

Total Net Assets

\$ 647,446

The accompanying notes are integral part of these financial statements

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended September 30, 2009

Operating Revenues	
Grant Award Income IHS	\$ 2,444,209
Grant Award Income CDC	100,326
Grant Award Income US DHHS	287,711
Grant Award Income NM DOH	5,000
SAMHSA	25,000
US Dept. Veterans Affairs	7,000
Private Foundation Grants	644
Private Donations	5,535
Program Service Fees	259,992
Total Operating Revenues	<u>3,135,417</u>
Operating Expenses-Direct	
Salaries	906,683
Benefits/Payroll Taxes	196,151
Travel	127,202
Project Supplies	247,479
Equipment Lease/Maintenance	16,267
Consultant Fees	922,828
Training & certification	22,200
Dues, fees, subscriptions	5,800
Communications	15,992
Insurance	2,368
Occupancy Costs	26,717
Equipment	36,422
Depreciation	22,791
Interest	17,844
Conference & Meeting	61,324
Total Operating Expenses-Direct	<u>2,628,068</u>
Operating Expenses-Indirect	
Salaries	274,731
Benefits/Payroll Taxes	51,634
Staff travel	5,522
Board travel	41,767
Office Supplies	19,863
Equipment	5,789
Professional fees	16,970
Training	11,240
Occupancy	9,966
Depreciation	7,149
Interest	5,804
Telephone	2,918
Dues, fees, subscriptions	520
Insurance	3,814
Directors Fees	32,250
Total Operating Expenses-Indirect	<u>489,937</u>
Operating Income/(Loss)	17,412
Non-operating revenues (expenses)	
Unrealized Investment Gain	48,275
Interest Earned	47,972
Depreciation of Consortium owned assets	(17,802)
Fund transfer of program equipment	24,294
Net Increase (Decrease) in Net Assets	<u>120,151</u>
Net assets beginning of year	527,295
Net assets end of year	<u>\$ 647,446</u>

The accompanying notes are integral part of these financial statements

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Statement of Cashflows
For the Year Ended September 30, 2009

Cash flows from operating activities

Receipts for program services	\$ 256,570
Receipt of private donations	55,035
Receipts from government grants/contracts	2,827,465
Other receipts	54,821
Payments to employees for services	(833,801)
Payments to suppliers of goods or services	(2,202,926)
Net cash provided by operating activities	<u>157,164</u>

Cash flows from capital and related financing activities

Repayment of capital debt	(10,493)
Net cash used by capital financing activities	<u>(10,493)</u>

Cash flows from investing activities

Investment transactions	(72,429)
Purchase of equipment	(36,571)
Net cash used by investing activities	<u>(109,000)</u>

Net increase in cash 37,671

Cash - beginning of year 135,386

Cash - end of year \$ 173,057

Reconciliation of operating loss to net cash used by operating activities:

Operating gain	\$ 17,412
Adjustments to reconcile operating loss to net cash provided	
by operating activities:	
Depreciation Expense	29,940
Equipment purchased with restricted funds	24,293
Changes in Assets and liabilities:	
Grants Receivable	49,600
Other Receivables	(1,298)
Prepaid Expenses	5,251
Accounts Payable	34,684
Deferred Revenues	6,225
Accrued Liabilities	(2,807)
Compensated Absences	(6,136)
Net cash provided by operating activities	<u>\$ 157,164</u>

The accompanying notes are integral part of these financial statements

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.

Notes to Financial Statements

Year Ended September 30, 2009

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Albuquerque Area Indian Health Board, Inc. (AAIHB) was incorporated as a nonprofit organization on February 4, 1980 and is primarily funded by the U.S Department of Health and Human Services (90%). AAIHB is considered a government because AAIHB's board of directors is appointed by members of tribal governments. Member tribal governments include: The Alamo Band of Navajos, the To'Hajiilee Band of Navajos, the Ramah Band of Navajos, the Jicarilla Apache Nation, the Mescalero Apache Tribe, the Ute Mountain Ute Tribe and the Southern Ute Indian Tribe. AAIHB's purpose is to promote the common welfare and well being of the Indian communities and reservations of its members through the development of health services and the health education of the Indian people it represents.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, the financial statements must present the Board (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

B. Operations & Budgetary Data

The operations of the AAIHB, Inc. encompass providing health related services and disbursing health information to its member communities. The operating revenues and expenses of the board are primarily financed as stated above through grants funded by the United States Department of Health and Human Services. Cash flows from financing and investing activities are considered non-operating activities and are classified as such. The AAIHB's grant budgets are subject to annual review and negotiation by their various funding sources. Annual budgets are not required to be legally adopted.

C. Basis of Accounting

The AAIHB follows the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which establish the financial reporting standards for all state and local government entities.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the AAIHB, the reporting entity. The AAIHB is considered a special purpose government engaged in business-type activities.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.

Notes to Financial Statements

Year Ended September 30, 2009

1. Summary of Significant Accounting Policies (continued)

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the AAIHB has adopted the option to apply only those Financial Accounting Standards Board (FASB) statements and interpretations issued before November 30, 1989, which do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date are followed.

Net Assets are classified as follows:

Invested in capital assets, net of related debt represent the AAIHB's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted net assets represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. The AAIHB is legally or contractually obligated to spend these funds in accordance with the restrictions imposed by external third parties.

Unrestricted net assets consist of those operating funds over which the Board of Directors retains full control to use in achieving any of its authorized purposes.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the AAIHB's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Revenues and expenses are classified as operating or non-operating according to the following criteria:

Operating revenues and expenses include those activities that have the characteristics of an exchange transaction as well as those incurred that relate directly to the pursuit of the mission of the AAIHB.

Non-operating revenues and expenses include those activities that have the characteristics of non-exchange transactions.

D. Federal and State Grants

Contract and grant revenue is recognized when program expenditures are incurred, in accordance with program guidelines. The expenditures are subject to review by the funding agency and may result in disallowance in subsequent periods. Grants and contracts receivable represent funds receivable from grantors for program services expenses in excess of reimbursements. All grants receivable are considered collectible by the AAIHB. Deferred revenue reimbursements in excess of expenses, are to be expended in a future period.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.

Notes to Financial Statements

Year Ended September 30, 2009

1. Summary of Significant Accounting Policies (continued)

E. Income Tax Status

The AAIHB is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no tax provision has been made.

F. Use of Estimates

The preparation of financial statements in conformity with 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.

G. Cash Equivalents

For the purpose of statement of cash flow AAIHB's only considers all currency on hand and deposits held by financial institutions that can be readily withdrawn without limitation as cash and cash equivalents. Money market and money funds that are invested through brokerage accounts are considered short-term investments.

H. Investments

The AAIHB accounts for investments in accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The provisions of the standard require that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of Net Assets. The unrealized gain or loss on investments is reflected in the statement of Revenues, Expenses, and Changes in Net Assets. Investments are carried at the quoted market value of the securities. Investment return consists of investment income, realized gain (loss) utilizing the first-in, first-out method and unrealized gain (loss). Interest, dividends and capital gains are invested in a money market fund.

I. Compensated Absences

Each employee earns a certain number of vacation leave hours depending on years of service and 4 hours of sick leave per pay period. Employees may carry forward up to a total of 80 hours of accumulated vacation leave for use in a succeeding calendar year. All unused sick leave can be carried forward to the next calendar year. Employees that are terminated or terminate employment are to be only compensated for annual leave at a maximum of 120 hours. Sick leave is not paid on termination.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Notes to Financial Statements
Year Ended September 30, 2009

2. Cash

The AAIHB has deposits in two financial institutions of \$197,918 with a carrying value of \$173,057 as of September 30, 2009. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 in each institution. AAIHB's deposits were fully insured at September 30, 2009.

3. Investments

The AAIHB's investments are categorized as to credit risk to give an indication of the level of risk assumed. Category One includes investments that are insured or registered, and held by the AAIHB or its agent in the AAIHB's name. Category Two includes investments that are uninsured and unregistered, and held by the AAIHB's agent in the AAIHB's name. Category Three includes investments that are uninsured and unregistered and held by the agent, but not in the AAIHB's name. On September 30, 2009 the AAIHB's investments consisted of the following:

	September 30, 2009		
	Category 1	Category 2	Category 3
Money Funds	310,556		
Mutual Funds	845,390	-	-
Certified Deposits	249,389		
Total Investments	\$ 1,405,335	-	-

4. Grants Receivable

Grants receivable, all considered collectible, consist of the following:

U.S. Department of Health and Human Services:	
Indian Health Services (IHS)	
HIV/AIDS	\$ 31,560
Southwest Tribal Epidemiology Center	28,793
NARCH III	44,331
NARCH V	22,378
Colorectal Cancer-IHS (CDC)	2,893
Total IHS	129,955
Substance Abuse and Mental Health Service Administration	
SAMHSA Conference Grants	3,075
National Institute of Health-National Cancer Institute	
	336
Office of Minority Health-Epidemiology Center	
	4,493
Total Grants and Contracts Receivable	\$ 137,859

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Notes to Financial Statements
Year Ended September 30, 2009

5. Property and Equipment

The AAIHB's property and equipment as of September 30, 2009 is composed of the following:

	9/30/2008			9/30/2009
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 124,300	-	-	\$ 124,300
Total capital assets not being depreciated	<u>124,300</u>	<u>-</u>	<u>-</u>	<u>124,300</u>
Other capital assets				
Building	527,147	5,246	-	532,393
Equipment	240,248	31,325	(27,326)	244,247
Total other capital assets	<u>767,395</u>	<u>36,571</u>	<u>(27,326)</u>	<u>776,640</u>
Less accumulated depreciation for				
Building	(128,096)	(27,377)	-	(155,474)
Equipment	(180,943)	(20,365)	27,326	(173,982)
Total accumulated depreciation	<u>(309,040)</u>	<u>(47,742)</u>	<u>27,326</u>	<u>(329,456)</u>
Capital Asset Summary:				
Capital assets not being depreciated	124,300	-	-	124,300
Other capital assets, at cost	<u>767,395</u>	<u>36,571</u>	<u>(27,326)</u>	<u>776,640</u>
Total cost of capital assets	891,695	36,571	(27,326)	900,940
Less accumulated depreciation	<u>(309,040)</u>	<u>(47,742)</u>	<u>27,326</u>	<u>(329,456)</u>
Capital Assets, net	<u>\$ 582,655</u>	<u>(11,171)</u>	<u>-</u>	<u>\$ 571,484</u>

It is the policy of the AAIHB to capitalize property acquisitions exceeding \$5,000 in cost. The estimated useful life of the AAIHB's property has been determined to be as follows: the building is 20 years, and the equipment ranges from 3 to 15 years. The straight line method of calculating depreciation is used.

6. Interfund Balances: Transfers and Interfund Activity

The AAIHB occasionally purchases equipment using restricted federal funds that are subsequently used in its allowable business related activities. These assets are transferred to the investment in capital assets fund and are depreciated over their useful lives. The AAIHB reports these transfers in its financial statements in accordance with GASB No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Notes to Financial Statements
Year Ended September 30, 2009

6. Interfund Balances: Transfers and Interfund Activity (continued)

Interfund transfers are comprised of the following for the period ended September 30, 2009:

Transfers From	Transfers To	Purpose	Amount
Restricted Fund	Capital Assets Fund	Transfer of equipment	\$24,294

7. Accrued Liabilities

The AAIHB's accrued liabilities consist of the following amounts which were payable as of September 30, 2009:

Salaries payable	\$ 32,832
Accrued expenses	6,591
FSA Contribution	2,242
F.I.C.A./Medicare	2,465
Health insurance premium payable	2,809
SUTA payable	857
Total accrued liabilities	\$ 47,796

8. Deferred Revenue

Deferred revenue represents the deficiency of expenditures over advances on federal, state or other award programs as follows:

U.S. Department of Health and Human Services:

Indian Health Service (IHS)

IHS Audiology	\$ 667,412
IHS Pueblo Audiology	50,931
Indirect Cost	163,102
Non-recurring Funds	4,258
Tribal Planning-Substance Abuse	38,485
Self Determination Services	48,108
Epi Center-CDC	38,424

Total U.S. Department of Health and Human Services	1,010,720
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NM Community Foundation	5,091
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Total Deferred Revenue	\$ 1,015,811
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ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Notes to Financial Statements
Year Ended September 30, 2009

9. Note Payable and Other Long-Term Liabilities

AAIHB had one outstanding note payable as of September 30, 2009:

Loan Type	Interest Rates	Maturity Date	Original Amount	Balance 09/30/2009
Mortgage	6.00%	2028	395,385	382,253

In June 2008, the AAIHB refinanced the building in the amount of \$395,385. This note is secured by the building. The note carries a fixed rate of 6.0% and requires monthly payments of principal and interest in the amount of \$2,853. The final payment is due on June 16, 2028. The current portion of the mortgage is \$11,427 as of September 30, 2009

The following summarizes the changes in notes payable for the period ended September 30, 2009:

	Balance 9/30/2008	Additions	Reductions	Balance 09/30/2009
Notes payable				
Current liability	\$ 10,628	11,292	10,493	\$ 11,427
Noncurrent liability	382,118	-	11,292	370,826
Subtotal notes payable	392,746	11,292	21,785	382,253
Other long-term liabilities				
Compensated absences	40,004	-	6,136	33,868
Total notes payable and long-term liabilities	\$ 432,750	11,292	27,921	\$ 416,121

10. Contingencies – Grantor Agencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by 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 that may be disallowed by the grantor agencies cannot be determined at this time although the AAIHB expects such amounts, if any, to be immaterial.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Notes to Financial Statements
Year Ended September 30, 2009

11. Current Vulnerability Due to Concentrations

The AAIHB receives approximately 91% of its support for various programs from the U.S. Department of Health/Human Services. The AAIHB does not expect that the support from this governmental agency will be lost in the near term. However, if funding were withdrawn or diminished, the AAIHB's continued operation would be impacted adversely.

12. Retirement Plan

The AAIHB has adopted a simplified Employee Pension plan (SEP) for the benefit of its employees. The plan is administered in accordance with the Internal Revenue Code and Treasury Regulations. The AAIHB makes an annual contribution to a traditional individual retirement agreement (a SEP-IRA) set up by each eligible employee. Employees vest 100% in the contribution at the time the contribution is made. The SEP-IRA is wholly owned and controlled by the employee.

13. Risk Management and Litigation

The AAIHB is exposed to various risks of losses related to : torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years, the AAIHB has obtained liability and other coverage from commercial insurance companies. The AAIHB has effectively managed risk through various employee education and prevention programs. Risk management expenses for the AAIHB are accounted for in operations. Any claims are processed through insurance agents and/or adjusters. There are no pending or threatened legal proceedings involving material matters to which the AAIHB is a party.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Funding Source Contract/Grant Name	Federal CFDA Number	Contract/ Grant Number	Accrued (Deferred) 9/30/2008	Receipts	Expenditures	(Deferred) 9/30/2009	Accrued 9/30/2009
U.S. Department of Health & Human Services							
Indian Health Services (IHS)							
DHHS IHS Audiology	98.441	HHSI2422009000003	\$ (662,018)	\$ 469,159	\$ 463,765	\$ (667,412)	\$ -
DHHS IHS HIV/AIDS	98.441	HHSI2422009000003	20,929	69,148	79,779	-	31,560
DHHS IHS Pueblo Audiology	98.441	HHSI2422009000003	(44,926)	206,181	200,176	(50,981)	-
DHHS Indirect Cost	98.441	HHSI2422009000003	(206,055)	230,712	273,665	(168,102)	-
Nonrecurring Funds	98.441	HHSI2422009000003	(4,258)	-	-	(4,258)	-
Tribal Planning Substance Abuse	98.228	242-00-001	(38,485)	-	-	(38,485)	-
Self Determination Services	98.228	242-00-001	(48,109)	-	-	(48,109)	-
Southwest Tribal Epidemiology Center	98.231	U1PIHS300130	31,828	335,729	332,694	-	28,793
NARCH III	98.231	U26IHS300009	125,365	1,142,316	1,061,282	-	44,331
NARCH V	98.231	U26IHS300287	-	-	22,378	-	22,378
Epi Center-IHS (CDC)	98.xxx	HHSI242200800016C	424	138,750	99,902	(38,424)	-
Colorectal Cancer-IHS (CDC)	98.xxx	HHSI242200800016C	-	-	2,893	-	-
Total Indian Health Services			(825,305)	2,591,995	2,536,535		2,893
Center for Substance Abuse Prevention							
Substance Abuse and Mental Health Service Administration	94.243	IHL3SP0155556-01	-	21,925	25,000	-	3,075
Office of Minority Health							
Epidemiology Center-OMH	98.100	ALAMP070002	3,975	193,666	194,185	-	4,494
National Cancer Institute							
NIH Cancer	98.393	5R03CA132550-02	4,988	51,129	46,527	-	336
Subtotal: Federal Awards			\$ (816,392)	\$ 2,858,715	\$ 2,802,246	\$ (1,010,721)	\$ 137,860
Other Non-federal Grants							
NM Community Foundation			(5,735)	-	644	(5,091)	-
Total Other Non-federal Grants			(5,735)	-	644	(5,091)	-
Total Awards			\$ (822,127)	\$ 2,858,715	\$ 2,802,890	\$ (1,015,812)	\$ 137,860

The accompanying notes are an integral part of this schedule

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2009

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Albuquerque Area Indian Health Board, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Reconciliation of Schedule of Expenditures of Federal Awards to the Financial Statements.

The following is a reconciliation of the expenditures reported on the schedule of expenditures of federal awards to the expenditures reported in the Statement of Revenues, Expenses, and Changes in Net Assets.

Expenditures reported on the schedule of expenditures of federal awards	\$ 2,802,246
Expenditures paid by other revenue sources	333,561
Total	\$ 3,135,807
Operating Expenses - Direct	\$ 2,628,067
Operating Expenses - Indirect	489,938
Depreciation Expense	17,802
Total Expenditures reported on financial statements:	\$ 3,135,807



LECOMPTE, P.C.

CPAs & Financial Consultants

**REPORT ON INTERNAL CONTRAOL 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
Albuquerque Area Indian Health Board, Inc.

We have audited the financial statements of the Albuquerque Area Indian Health Board, Inc. (AAIHB) as of and for the year ended September 30, 2009 and have issued our report thereon dated March 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Albuquerque Area Indian Health Board, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the AAIHB's internal control over financial reporting. Accordingly, we do not express an opinion on the AAIHB's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Albuquerque Area Indian Health Board, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that is required to be reported under **Government Auditing Standards**.

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



Craig A. LeCompte, CPA
LeCompte, P.C.
Rio Rancho, NM
March 12, 2010



LECOMPTE, P.C.

CPAs & Financial Consultants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Albuquerque Area Indian Health Board, Inc.

Compliance

We have audited the compliance of the Albuquerque Area Indian Health Board Inc. (AAIHB) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The AAIHB's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the AAIHB's management. Our responsibility is to express an opinion on the AAIHB's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 AAIHB's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of AAIHB's compliance with those requirements.

In our opinion, the AAIHB, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the AAIHB is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the AAIHB's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 AAIHB's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of the federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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



Craig A. LeCompte, CPA
LeCompte, P.C.
Rio Rancho, NM
March 12, 2010

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2009

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	_____ <u>X</u> none reported

Noncompliance material to financial statements noted?

	_____ yes	_____ <u>X</u> no
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	_____ <u>X</u> none reported

Type of Auditor’s report issued on compliance For Major Programs: Unqualified

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

	_____ yes	_____ <u>X</u> no
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Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.441	PL 93-638 Indian Self Determination

Dollar threshold used to distinguish between Type A And type B programs: \$300,000

Auditee qualified as low-risk auditee. X yes _____ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

ALBUQUERQUE AREA INDIAN HEALTH BOARD, INC.
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2009

No prior year audit findings.