

# Southcentral Foundation

May 23, 2006

Denali Commission  
510 L Street, Suite 410  
Anchorage, AK 99501



Re: FY05 Single Audits  
Grant # 198-05

To Whom It May Concern:

In accordance with the above referenced grant, please find enclosed a copy of Southcentral Foundation's FY2005 Audit Report.

If you have any questions concerning the audits, please feel free to contact Southcentral Foundation's Finance Department at (907) 729-4966.

Sincerely,

SOUTHCENTRAL FOUNDATION

A handwritten signature in cursive script that reads "KATHERINE GOTTLIEB".

Katherine Gottlieb, MBA  
President/CEO

Enclosures: as stated

Cc: Greg Encelewski, Finance Director

4501 Diplomacy Drive • Anchorage, Alaska 99508  
(907) 729-4955 • Fax (907) 729-5000



SOUTHCENTRAL FOUNDATION

Financial Statements, Additional Schedules, and Compliance Reports  
(and Auditors' Report Thereon)

September 30, 2005

SOUTHCENTRAL FOUNDATION

Financial Statements, Additional Schedules, and Compliance Reports  
(and Auditors' Report Thereon)

September 30, 2005

*Altman, Rogers  
& Co.* | CERTIFIED  
PUBLIC  
ACCOUNTANTS

# SOUTHCENTRAL FOUNDATION

## Table of Contents, Continued

	<u>Page</u>
Supplemental State Schedules:	
State Financial Assistance Reports:	
State of Alaska Department of Health and Social Services:	
Division of Behavioral Health:	
Community Mental health Services 602-05-522	35
Comprehensive Behavioral Health Treatment Programs 602-06-208	36
Bring the Kids Home Program 602-06-958	37
Substance Abuse Services 602-05-322	38
Comprehensive Behavioral Health Prevention and Early Intervention Services 602-06-010	39
Innovative Community Grant for FASD Prevention and Intervention Services Grant 602-05-036	40
Innovation Pilot Projects for FASD Prevention and Intervention Services Grant 602-05-001	41
Tribal Intergovernmental Agreement	42
Division of Senior and Disabilities Services:	
Nutrition, Transportation and Support Services Grant 607-05-135	43
Finance and Management Services/Facilities Section:	
Planning and Design of a Residential Psychiatric Treatment Center 06-4-C-5033	44
Office of Children's Services:	
Residential Child Care Grant 603-05-025	45
Child Abuse and Neglect Prevention Grant 603-06-406	46
Child Safety Net Grant – ANHB Pass Through 2003-110	47

# SOUTHCENTRAL FOUNDATION

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12
Additional Schedules:	
Federal Programs –Schedule of Activities	13-15
State of Alaska Administered Programs – Schedule of Activities	16-18
Other Programs – Schedule of Activities	19-20
Schedule of Expenditures of Federal Awards	21-24
Schedule of State Financial Assistance	25-26
Compliance Reports:	
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 <i>Government Auditing Standards</i>	27-28
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	29-30
Schedule of Findings and Questioned Costs	31-32
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the <i>State of Alaska Audit Guide         and Compliance Supplement for State Single Audits</i>	33-34

Independent Auditors' Report

Members of the Board of Directors  
Southcentral Foundation  
Anchorage, Alaska

Ladies and Gentlemen:

We have audited the accompanying statements of financial position of Southcentral Foundation as of September 30, 2005, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Southcentral Foundation'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Southcentral Foundation as of September 30, 2005, and the changes in its net assets and cash flows for the years 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 a report dated January 27, 2006, on our consideration of Southcentral Foundation'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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Members of the Board of Directors  
Southcentral Foundation

Our audit was conducted for the purpose of expressing an opinion on the financial statements of Southcentral Foundation taken as a whole. The data listed in the table of contents as additional schedules are presented for purposes of additional analysis, and are not a required part of the financial statements of Southcentral Foundation. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of Additional Analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments' and Non-Profit Organizations* and the accompanying Schedule of State Financial Assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Altman, Rogers & Co.*

January 27, 2006

**SOUTHCENTRAL FOUNDATION**

Statement of Financial Position

September 30, 2005

**Assets**

Current assets:	
Cash and cash equivalents	\$ 14,110,055
Receivables:	
Grantors	2,849,166
Third party payor, net of allowance for doubtful accounts of \$2,617,901	13,282,851
Alaska Native Tribal Health Consortium	2,230,265
Interest	103,657
Other	28,658
Prepaid expenses and deposits	277,200
Investments (notes 2 and 3)	49,428,872
Total current assets	<u>82,310,724</u>
Deferred financing costs, net of amortization of \$76,457	264,090
Cash value of life insurance policies	1,199,221
Property and equipment, net (note 4)	84,553,993
	<u>\$ 168,328,028</u>

**Liabilities and Net Assets**

Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities (note 3)	\$ 5,525,602
Accrued salaries and benefits	4,122,450
Accrued leave	3,463,299
Current portion of long-term debt (note 5 and 6)	998,160
Deferred revenues:	
Grantors	1,763,617
Alaska Native Tribal Health Consortium	1,750,000
Other	25,362
Total current liabilities	<u>17,648,490</u>
Long-term debt, excluding current portion (note 5 and 6)	24,246,746
Total liabilities	<u>41,895,236</u>
Net assets:	
Unrestricted:	
Designated (note 8)	93,475,161
Undesignated	22,546,050
Total unrestricted	<u>116,021,211</u>
Temporarily restricted (notes 4 and 7)	10,411,581
Total net assets	<u>126,432,792</u>
Contingencies and commitments (notes 9,10, and 12)	
	<u>\$ 168,328,028</u>

See accompanying notes to financial statements.

**SOUTHCENTRAL FOUNDATION**

Statement of Activities

Year ended September 30, 2005

	Unrestricted		Temporarily Restricted Funds	Total
	General and Administrative	Program		
<b>Revenues:</b>				
Federal	\$ —	68,840,690	—	68,840,690
Federal contract reductions	—	12,059,578	—	12,059,578
State	—	789,343	—	789,343
Program – third party billings	—	56,762,573	—	56,762,573
Investment earnings (note 2)	3,644,700	23,391	—	3,668,091
Other	529,782	424,259	169,867	1,123,908
Net assets released from restriction (note 7)	—	407,444	(407,444)	—
<b>Total revenues</b>	<b>4,174,482</b>	<b>139,307,278</b>	<b>(237,577)</b>	<b>143,244,183</b>
<b>Expenses:</b>				
<b>Direct:</b>				
Salaries	10,236,760	38,505,523	—	48,742,283
Benefits (note 9)	2,586,916	9,913,239	—	12,500,155
Consulting and contractual (note 11)	4,032,909	17,046,868	—	21,079,777
Materials and supplies	710,542	3,844,226	—	4,554,768
Subawards	169,941	4,203,976	—	4,373,917
Depreciation and amortization	2,526,737	920,168	—	3,446,905
Minor equipment	1,661,975	1,266,862	—	2,928,837
Interest expense	1,657,136	—	—	1,657,136
Education	417,395	842,622	—	1,260,017
Equipment purchases	—	253,562	—	253,562
Information technology contract	816,089	—	816,089	816,089
Business office contract	1,132,366	—	—	1,132,366
Travel and per diem	433,217	1,063,039	—	1,496,256
Utilities	605,954	327,348	—	933,302
Insurance	686,123	69,347	—	755,470
Housekeeping	547,043	173,257	—	720,300
Leases (notes 10)	154,427	573,079	—	727,506
Telephone	269,022	87,953	—	356,975
Telecommunications contract	527,211	—	—	527,211
Renovations	—	539,515	—	539,515
Repairs and maintenance	107,076	534,773	—	641,849
Printing and reproduction	89,256	234,673	—	323,929
Safety and environmental contract	341,741	—	—	341,741
Materials management contract	228,472	—	—	228,472
Legal	226,693	—	—	226,693
Advertising	198,774	51,895	—	250,669
Moving and relocation expense	24,829	332,298	—	357,127
Scholarships	—	103,005	—	103,005
Board related	169,911	—	—	169,911
Recruitment	60,706	95,825	—	156,531
Dues and subscriptions	257,609	44,917	—	302,526
Donations (note 11)	176,013	—	—	176,013
Postage and freight	71,521	70,684	—	142,205
Taxes and licenses	195,713	11,763	—	207,476
Staff support	27,948	47,387	—	75,335
Accounting and audit	61,799	—	—	61,799
Direct payments	—	62,825	—	62,825
Other	1,274	—	—	1,274
<b>Total direct</b>	<b>31,411,098</b>	<b>81,220,629</b>	<b>—</b>	<b>112,631,727</b>
<b>Contract reduction:</b>				
Salaries	374,251	11,188,717	—	11,562,968
Contractual	250,475	44,631	—	295,106
Relocation	—	201,503	—	201,503
<b>Total contract reduction</b>	<b>624,726</b>	<b>11,434,851</b>	<b>—</b>	<b>12,059,577</b>
<b>Total expenses before indirect cost allocation</b>	<b>32,035,824</b>	<b>92,655,480</b>	<b>—</b>	<b>124,691,304</b>
<b>Indirect cost allocation</b>	<b>(27,719,682)</b>	<b>27,719,682</b>	<b>—</b>	<b>—</b>
<b>Total expenses</b>	<b>4,316,142</b>	<b>120,375,162</b>	<b>—</b>	<b>124,691,304</b>
<b>Change in net assets</b>	<b>(141,660)</b>	<b>18,932,116</b>	<b>(237,577)</b>	<b>18,552,879</b>
Net assets at beginning of year	4,107,999	93,122,756	10,649,158	107,879,913
Net assets at end of year	\$ 3,966,339	112,054,872	10,411,581	126,432,792

See accompanying notes to financial statements.

# Southcentral Foundation

## Notes to Financial Statements

September 30, 2005

### (1) Organization and Summary of Significant Accounting Policies

Southcentral Foundation (SCF) was incorporated as a nonprofit organization under Alaska State Law in 1982. SCF's objective is to improve the health, educational, cultural, social and economic conditions of Alaska Natives by providing health services primarily in the Anchorage and Matanuska-Susitna Valley, along with other areas of Alaska. The Indian Health Services provides funding to SCF to cover the costs of health services provided to eligible beneficiaries at the Alaska Native Medical Center. In addition, SCF administers other federal and state funded programs. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the statement of financial position, and revenue and expenses for the period. Actual results could differ from those estimates. The more significant policies and estimates applied in the preparation of the financial statements are discussed below.

#### (a) Basis of Presentation

The financial statements are presented on the accrual basis of accounting. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are not subject to donor-imposed stipulations. Temporarily restricted net assets are resources restricted by the donor, grantor or other outside parties whose restrictions expire by the passage of time or can be fulfilled or removed by actions of SCF. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

#### (b) Cash and Cash Equivalents

Cash and Cash equivalents include cash on hand and demand deposits in highly liquid investments held in financial institutions.

#### (c) Investments

Investments in marketable securities are reported at fair value in the Statement of Financial Position. Unrealized gains and losses and interest earned on investments are recorded as unrestricted investment earnings. Interest income is earned on both federal and nonfederal moneys. All investment earnings are recorded in the General Fund.

#### (d) Property and Equipment

Generally, title to furniture and equipment acquired with proceeds of contracts or grants vests with the grantor. Furniture and equipment purchased with contract or grant moneys are recorded as program expenditures when acquired. Property and equipment are capitalized and depreciated over their estimated useful life from 2 to 40 years. Property and equipment purchased with grant funding are released from restriction as the property and equipment is depreciated.

#### (e) Annual Leave

Annual leave is accrued as earned by employees and recorded as an expenditure in the period earned.

## SOUTHCENTRAL FOUNDATION

### Statement of Cash Flows

Year ended September 30, 2005

Cash flows from operating activities:	
Change in net assets	\$ 18,552,879
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,446,905
Changes in assets and liabilities:	
Increase in grantor receivables	(444,689)
Increase in third party payor receivables, net	(10,435,626)
Increase in Alaska Native Tribal Health Consortium receivables	(2,230,265)
Increase in interest receivables	(33,035)
Decrease in other receivables	868,052
Increase in prepaid expenses and deposits	(144,624)
Increase in cash value of life insurance	(149,221)
Increase in accounts payable	921,877
Decrease in accrued payroll liabilities	(1,511,497)
Decrease in deferred revenues	(458,670)
Decrease in other liabilities	(155,539)
Net cash provided by operating activities	<u>8,226,547</u>
Cash flows from investing activities:	
Purchase of property and equipment	(8,950,775)
Purchase of investments	(5,989,209)
Net cash used in investing activities	<u>(14,939,984)</u>
Cash flows from financing activities:	
Payment on long term debt	(2,464,195)
Net increase in cash	(9,177,632)
Cash and cash equivalents at beginning of year	<u>23,287,687</u>
Cash and cash equivalents at end of year	<u>\$ 14,110,055</u>
Supplemental disclosure of cash activity:	
Interest paid	<u>\$ 1,657,136</u>

See accompanying notes to financial statements.

## Southcentral Foundation

### Notes to Financial Statements, Continued

**(f) Derivative Instruments**

SCF accounts for derivative instruments in accordance with FASB Statement No. 133, *Accounting for Derivative Investments and Certain Hedging Activities, as amended*, which requires that all derivative instruments be recorded on the balance sheet at their respective fair values.

SCF uses the cash flow technique to determine the fair value of derivative instruments. Changes in the fair value of the interest rate swap derivative instrument are included in interest expense in the Statement of Activities.

**(g) Revenue Recognition**

Revenue is recognized to the extent of expenses incurred on cost-reimbursable contracts, limited to the terms of the contract. Amounts receivable from grantors at year end include amounts relating to expenses incurred prior to year end but not billed until after year end. Grant receipts in excess of revenues earned are included in deferred revenue. Revenues from the U.S. Department of Health and Human Services, IHS Self-Governance Compact are recognized when earned, that is, in the year the money is made available to SCF.

**(h) Contract Reduction Revenues and Expenses**

In connection with SCF's operation of IHS Compact programs, certain expenses are paid directly by IHS. SCF's annual Compact funding is reduced by the amount of these expenditures. SCF records revenues equal to the amount of these contract reductions and expenditures for those costs chargeable to the programs which are paid by IHS.

**(i) Indirect Cost Allocation**

"Indirect costs" that benefit all programs are not directly charged to programs. Indirect costs are allocated to each Program based upon an agreement negotiated with the cognizant agency which provides for allocation of indirect costs based upon total direct expenses of each contract or grant, less exclusions for equipment purchases and other capital expenditures, certain sub-recipients, and other direct payments of financial assistance to or on behalf of eligible individuals, which are not subject to a recovery rate. Indirect costs allocated to the various contracts and grants have been made at the current negotiated rates unless otherwise provided by contractual agreement. Any over recovery or under recovery of actual indirect costs for the year are recovered or refunded to the grantor, except that under recoveries may be subject to the availability of funds from the grantor.

**(j) Income Taxes**

SCF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly no provision for income taxes is included in the financial statements.

**(k) Concentration of Business**

SCF receives substantially all of its revenue from federal and state grants and contracts. A significant change in these grants and contracts could have a negative effect on SCF.

## Southcentral Foundation

### Notes to Financial Statements, Continued

#### (2) Investments

SCF's investments are summarized as follows at September 30, 2005

	<u>Cost</u>	<u>Unrealized gain</u>	<u>Unrealized losses</u>	<u>Market</u>
Equity mutual funds	12,879,481	2,140,749	(756,729)	14,263,501
Bonds - Variable and Floating Rate	23,800,000	-	-	23,800,000
U.S. Agency debt securities	10,836,883	38,798	(63,046)	10,812,635
	<u>47,516,364</u>	<u>2,179,547</u>	<u>(819,775)</u>	<u>48,876,136</u>
Restricted investments- deferred compensation (note 3)				552,736
				<u>\$ 49,428,872</u>

The Municipal debt securities are variable rate and have redemption provisions such that SCF may sell them at par value (23,800,000) at each interest payment date, which occurs approximately every 28 days.

Investment earnings are summarized as follows for the period ended September 30, 2005:

Interest	\$ 1,834,111
Dividends	121,976
Gains and (losses)	1,691,462
Change in Value Derivative Instrument (note 5)	59,730
Fees	(39,188)
	<u>\$ 3,668,091</u>

#### (3) Deferred Compensation

Southcentral Foundation offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. Under the plan, eligible employees can elect to defer a portion of their salary until future years. The deferred compensation is not available to employee until termination, retirement, death, or unforeseeable financial emergency.

Deferred compensation investments, along with the corresponding liabilities, are reported in the Statement of Financial Position. Compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts are the sole property and rights of Southcentral Foundation (until paid or made available to the employee or other beneficiary), subject only to the claims of Southcentral Foundation's general creditors. Participants' rights under the plan are equal to those of general creditors of SCF in an amount equal to the fair market value of the deferred account for each participant. Management believes it is unlikely that Southcentral Foundation will have to use the assets to satisfy claims of general creditors in the future.

Plan assets and amounts due employees are included in investments and accrued liabilities, respectively, and total \$552,736 at September 30, 2005.

## Southcentral Foundation

### Notes to Financial Statements, Continued

#### (4) Property and Equipment

Property and equipment at September 30, 2005 are summarized as follows:

	Acquired with non-grant moneys	Acquired with grant moneys (note 6)	Total
Land	\$ 12,557,514	\$ 500,000	\$ 13,057,514
Buildings	59,521,406	8,962,539	68,483,946
Building improvements	6,792,443	1,856,820	8,649,262
Equipment	4,918,636	-	4,918,636
	83,789,999	11,319,359	95,109,358
Less accumulated depreciation	10,267,123	1,077,643	11,344,766
	73,522,876	10,241,716	83,764,592
Construction work in progress	789,401	-	789,401
	\$ 74,312,277	\$ 10,241,716	\$ 84,553,993

#### (5) Derivative Instrument

SCF had an interest-rate related derivative instrument that swapped the variable cash flow relating to a \$1,531,901 note payable bearing interest at a variable rate of 98% of the Prime Rate to a fixed cash flow on the note payable at a rate of 7.97%. The derivative had a fair value of a negative \$159,470 on September 30, 2004 and was terminated in August 2005. This \$159,470 change in the fair value was partially offset by a \$99,740 termination fee, bringing the net change to \$59,730 in the fair value of this derivative, which was reclassified to investment income.

#### (6) Long Term Debt

Long term debt is summarized as follows at September 30, 2005:

Note payable to Wells Fargo Bank, bearing interest at 5.8% monthly payments, including interest, of \$58,510 due until January 2019. Secured by property at 4320 Diplomacy Drive, Anchorage.	\$6,493,662
Note payable to Wells Fargo Bank, bearing interest at 6.25% monthly payments, including interest, of \$13,157 due until January 2020. Secured by property at 4501 Diplomacy Drive, Anchorage.	1,487,418
Note payable to Wells Fargo Bank, bearing interest at 6.25% monthly payments, including interest, of \$71,631 due until June 2021. Secured by property at 4320 Diplomacy Drive, Anchorage.	8,581,874
Note payable to Wells Fargo Bank, bearing interest at 6.00% monthly payments, including interest, of \$64,837 due until March 2024. Secured by property at 4341 Tudor Centre Drive, Anchorage.	8,681,952
	25,244,906
Less current portion	998,160
	\$24,246,746

## Southcentral Foundation

### Notes to Financial Statements, Continued

Invested in Existing Capital Assets	\$ 50,530,684
Replacement of Existing Capital Assets	34,355,315
Carryover Projects and Contractual Obligations	5,156,200
Approved Capital Project Plan	<u>3,432,962</u>
	<u>\$ 93,475,161</u>

**(8) Pension Plan**

SCF, along with other related entities, participates in a noncontributory defined contribution pension plan for eligible employees. Regular employees become eligible after attaining twenty and one half years of age, have worked six (6) months and complete 500 hours of service prior to one of two entry dates in the plan year. Employees are 100% vested in the plan after completing three years of service with 1000 hours in each contributing year.

SCF contributes 7% of the eligible wages paid to participating employees. The amount expensed by SCF for the period ending September 30, 2005 was \$2,573,324. Normal retirement under the plan is 55. Retirement benefits are received after retirement, death, disability or termination, and consist of amounts contributed by SCF on behalf of the employees and their earnings thereon.

**(9) Leases**

SCF leases space and office equipment for operations, administration and storage under various operating lease agreements. In addition to the space and office equipment leases SCF also leases various pieces of medical equipment under operating lease agreements. Payments under these lease agreements total \$727,506 during the period ended September 30, 2005. Future minimum lease payments as of September 30, 2005 are as follows:

Years ending September 30,	Amount
2006	\$ 502,126
2007	366,702
2008	215,225
2009	158,645
2010	60,205
Thereafter	2,746
	<u>\$ 1,305,649</u>

**(10) Related Parties**

**(a) Cook Inlet Region, Inc. (CIRI)**

CIRI is the federally-designated tribe for the Cook Inlet Region and, under Public Law 93-638, as amended, designates SCF to operate health-related grants and contracts. CIRI appoints the SCF Board of Directors.

**Southcentral Foundation**

Notes to Financial Statements, Continued

Future principal payments on the loans are scheduled as follows:

Period ending <u>September 30,</u>	<u>Amount</u>
2006	\$ 998,160
2007	1,060,075
2008	1,123,308
2009	1,195,519
2010	1,269,690
Thereafter	<u>19,598,154</u>
	<u><u>\$ 25,244,906</u></u>

**(7) Released Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of property and equipment acquired with grant moneys that must be used in accordance with the granting agency's program specifications for periods of from five to thirty-five years and other donor restricted monies. Net assets released from restriction consist of depreciation on assets and is summarized as follows for the period ended September 30, 2005.

U.S. Department of Housing and Urban Development:	
Municipality of Anchorage Community	
Development Block Grant - Dena A Coy	\$ 8,249
Cook Inlet Housing Authority / NAHASDA Grant	27,500
U.S. Department of Health and Human Services	
Health Resources and Services Administration	
Pathway Home	110,700
Administration for Children and Families	
Head Start Chugach Square Mall	164,554
Early Head Start Northway Mall	11,851
Denali Commission	
Nilavcna Clinic	75,115
State of Alaska, Department of Health and Social Services, Division of Administrative Services, Mental Health Capital Grant:	
Dena A Coy	6,975
Quyana Clubhouse	<u>2,500</u>
	<u><u>\$ 407,444</u></u>

**SOUTHCENTRAL FOUNDATION**  
Federal Programs -  
Schedule of Activities  
Year ended September 30, 2005

U.S. Department of Health and Human Services

	Indian Health Service, Public Law 93-638 Compact and Contracts	Indian Health Service Tribal Management Grant	Indian Health Service Behavioral Health Aide	Indian Health Service Wellness Camp for Alaska Native Children	Indian Health Service Injury Prevention Part II	Indian Health Service Special Diabetes Program	Indian Health Service Diabetes Program for Indians	Center for Disease Control Chronic Disease Prevention and Health Promotion Programs	Center for Disease Control National Cancer Prevention and Control Program
<b>Revenues:</b>									
Federal	55,868,850	113,295	412,414	34,021	27,734	237,040	1,436,173	505,539	1,395,454
Federal contract reduction: Program	12,058,578	—	—	—	—	—	—	—	—
Investment earnings	56,762,573	—	—	—	—	—	23,391	—	—
	<u>124,692,001</u>	<u>113,295</u>	<u>412,414</u>	<u>34,021</u>	<u>27,734</u>	<u>237,040</u>	<u>1,459,764</u>	<u>505,539</u>	<u>1,395,454</u>
<b>Expenses:</b>									
<b>Direct:</b>									
Salaries	31,794,566	—	—	14,515	—	123,306	695,655	303,660	1,013,557
Benefits	8,145,864	—	—	4,215	—	35,643	199,246	72,446	208,238
Consulting and contractual	16,413,401	—	—	3,417	—	—	73,636	42,639	3,113
Materials and supplies	3,037,159	—	—	—	27,734	—	53,712	15,840	6,538
Subwards	3,738,740	—	280,000	—	—	—	—	—	—
Minor equipment	1,115,740	—	2,032	—	—	—	4,359	(5,585)	—
Depreciation and amortization	512,724	—	—	—	—	—	—	—	—
Equipment purchase	62,938	113,295	846	1,915	—	—	41	1,547	2,867
Travel and per diem	597,793	—	—	346	—	14,453	4,574	12,286	6,790
Education	567,609	—	—	—	—	—	—	—	—
Recruitment	539,315	—	—	—	—	—	—	—	—
Leases	411,754	—	—	—	—	—	—	—	—
Printing and reproduction	115,254	—	—	387	—	—	13,257	9,763	6,955
Housekeeping	138,312	—	—	—	—	—	—	—	—
Insurance	58,815	—	—	—	—	—	—	—	—
Utilities	270,090	—	—	—	—	—	—	—	—
Telephone	84,628	—	—	—	—	—	—	—	—
Repairs and maintenance	476,650	—	—	92	—	—	—	—	—
Moving and relocation expense	332,298	—	—	—	—	—	—	—	—
Advertising	—	—	—	—	—	—	—	—	—
Direct payments	12,145	—	—	—	—	—	8,980	4,800	4,700
Scholarships	103,005	—	—	—	—	—	—	—	—
Dues and subscriptions	35,004	—	—	—	—	—	—	690	313
Taxes and licenses	10,906	—	—	—	—	—	—	—	—
Postage and freight	58,784	—	19	—	—	—	—	—	—
Recruitment	91,266	—	—	—	—	—	—	38	—
Staff support	46,803	—	—	—	—	—	—	—	—
	<u>68,799,283</u>	<u>113,295</u>	<u>282,897</u>	<u>24,887</u>	<u>27,734</u>	<u>173,402</u>	<u>1,053,160</u>	<u>463,124</u>	<u>1,269,086</u>
<b>Contract reduction:</b>									
Salaries	11,100,441	—	88,276	—	—	—	—	—	—
Contractual	44,631	—	—	—	—	—	—	—	—
Relocation	201,503	—	—	—	—	—	—	—	—
	<u>11,346,575</u>	<u>—</u>	<u>88,276</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total contract reduction</b>									
	<u>80,145,860</u>	<u>113,295</u>	<u>371,173</u>	<u>24,887</u>	<u>27,734</u>	<u>173,402</u>	<u>1,053,160</u>	<u>463,124</u>	<u>1,269,086</u>
<b>Total expenses before indirect cost allocation</b>									
	<u>25,486,916</u>	<u>—</u>	<u>41,241</u>	<u>9,134</u>	<u>—</u>	<u>63,638</u>	<u>383,214</u>	<u>42,415</u>	<u>126,368</u>
<b>Indirect cost allocation</b>									
	<u>105,612,796</u>	<u>113,295</u>	<u>412,414</u>	<u>34,021</u>	<u>27,734</u>	<u>237,040</u>	<u>1,436,174</u>	<u>505,539</u>	<u>1,395,454</u>
<b>Total expenses</b>									
	<u>19,059,205</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>23,390</u>	<u>—</u>	<u>—</u>
<b>Change in net assets</b>									
Net assets at beginning of year	92,668,510	—	—	—	—	—	15,607	—	—
Net assets at end of year	<u>111,727,715</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>38,997</u>	<u>—</u>	<u>—</u>

(Continued)

## Southcentral Foundation

### Notes to Financial Statements, Continued

**(b) Cook Inlet Tribal Council, Inc. (CITC)**

CITC is a related nonprofit entity and operates Public Law 93-638 grants and contracts under authority from CIRI. CITC operates portions of the New Beginnings program under subcontract from SCF in the amount of \$142,000 for fiscal year 2005. SCF contracts with CITC to provide substance abuse treatment in the amount of \$475,000 for fiscal year 2005.

**(c) Donations and other payments**

Donations include contributions to the CIRI Foundation. SCF also makes various donations and contributions to other related non profit entities each year such as the Koahnic Broadcasting Corporation, Alaska Native Justice Center and the Alaska Native Heritage Center.

**(11) Contingencies**

Losses from asserted claims which arise in programs funded by the IHS are the responsibility of the Federal Government under the Federal Torts Claims Act (FTCA). It is uncertain whether the FTCA coverage extends to programs supporting the health programs operated under the IHS programs contract but funded in whole or in part by other sources. SCF carries general liability insurance to protect against these risks in the programs supporting the health programs operated under the IHS contract.

SCF's federal and state contracts and grants restrict the use of certain moneys to carrying out contract or grant programs and may require grantor's approval before certain expenditures are allowable. SCF is required to submit written progress reports for the activities performed. The final expenditures are subject to examination by the grantors or their representatives. Accordingly, SCF's compliance with applicable contract and grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time although SCF expects such amounts to be immaterial.

**SOUTHCENTRAL FOUNDATION**  
Federal Programs -  
Schedule of Activities, Continued

	U.S. Department of Health and Human Services						
	Substance Abuse & Mental Health Services Admin. Alaska Recovery Project	Substance Abuse & Mental Health Services Admin. Targeted Capacity Expansion Project	Substance Abuse & Mental Health Services Admin. Brief Intervention, Referral and Treatment Grant	National Institutes of Health American Indian Alaska Native Prospective Study	Health Resources and Services Administration Health Center Cluster Demonstration Grant	Health Resources and Services Administration Ryan White Title III Grant	Administration for Children & Families Safe Home Program
<b>Revenues:</b>							
Federal contract reduction Program	\$ 220,000	405,724	715,395	416,929	1,722,344	83,147	249,945
Investment earnings	—	—	—	—	—	—	—
<b>Total revenues</b>	<b>220,000</b>	<b>405,724</b>	<b>715,395</b>	<b>416,929</b>	<b>1,722,344</b>	<b>83,147</b>	<b>249,945</b>
<b>Expenses:</b>							
<b>Direct</b>							
Salaries	96,451	167,038	367,869	128,715	915,960	60,806	41,390
Benefits	25,232	44,791	103,701	40,508	197,955	14,782	10,780
Consulting and contractual	3,188	20,268	30,789	30,890	58,234	12,719	1,091
Materials and supplies	22,443	9,276	7,092	65,372	45,128	174,287	1,434
Subawards	—	—	—	—	—	—	167,000
Minor equipment	—	1,573	3,650	3,845	1,194	—	—
Depreciation and amortization	—	—	—	—	—	—	—
Equipment purchase	(4,233)	409	3,863	—	—	—	—
Travel and per diem	22,101	5,956	4,092	1,984	86,643	8,440	—
Education	—	—	—	—	43,928	5,991	—
Research	—	—	—	—	—	—	—
Leases	—	62,250	—	—	—	—	—
Printing and reproduction	—	50	276	105	84	—	—
Housekeeping	—	4,800	—	—	—	—	—
Insurance	—	—	—	—	—	—	—
Utilities	—	—	—	—	—	—	—
Telephone	34	651	—	—	7,949	—	—
Repairs and maintenance	—	640	—	—	100	—	—
Moving and relocation expense	—	—	—	—	657	—	—
Advertising	3,243	—	—	—	—	—	—
Direct payments	8,809	13,680	—	34,578	—	—	—
Scholarships	—	—	—	(4,300)	—	—	—
Dues and subscriptions	—	—	—	—	—	—	—
Taxes and licenses	—	—	—	—	—	—	—
Postage and freight	2,684	—	—	—	5,372	—	—
Recruitment	—	—	—	—	2,822	—	—
Staff support	—	—	—	—	—	2,223	—
<b>Total direct</b>	<b>179,952</b>	<b>331,382</b>	<b>523,332</b>	<b>303,841</b>	<b>1,366,026</b>	<b>75,588</b>	<b>227,601</b>
<b>Contract reduction:</b>							
Salaries	—	—	—	—	—	—	—
Contractual	—	—	—	—	—	—	—
Relocation	—	—	—	—	—	—	—
<b>Total contract reduction</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total expenses before indirect cost allocation</b>	<b>179,952</b>	<b>331,382</b>	<b>523,332</b>	<b>303,841</b>	<b>1,366,026</b>	<b>75,588</b>	<b>227,601</b>
<b>Indirect cost allocation</b>	<b>40,048</b>	<b>74,342</b>	<b>192,063</b>	<b>113,088</b>	<b>356,318</b>	<b>7,550</b>	<b>22,344</b>
<b>Total expenses</b>	<b>220,000</b>	<b>405,724</b>	<b>715,395</b>	<b>416,929</b>	<b>1,722,344</b>	<b>83,147</b>	<b>249,945</b>
Change in net assets	—	—	—	—	—	—	—
Net assets at beginning of year	—	—	—	—	—	—	—
Net assets at end of year	—	—	—	—	—	—	—

(Continued)

**SOUTHCENTRAL FOUNDATION**  
Federal Programs -  
Schedule of Activities, Continued

	U.S. Department of Health and Human Services					U.S. Department of Justice					Total Federal Programs
	Administration for Children & Families Transitional Living Program	Administration for Children & Families Child Abuse Prevention Project	Administration on Aging Older Americans Act Title VI Grant Part A	Administration on Aging Older Americans Act Title VI Grant Part C	Administration on Aging Nutrition Services Incentives Program	Violence Against Women Office Rural Domestic Violence and Child Victimization Enforcement	Violence Against Women Office Stop Violence Program	Office for Victims of Crime Child's Justice Act Partnership	Alaska Native Educational Program Young Families Project		
Revenues:											
Federal contract reduction Program	200,561	497,050	138,552	62,712	6,748	110,232	75,558	28,236	438,538	68,050,751	
Investment earnings	—	—	—	—	—	—	—	—	—	12,059,578	
Total revenues	200,561	497,050	138,552	62,712	6,748	110,232	75,558	28,236	438,538	56,762,573	
Expenses:											
Direct:											
Salaries	50,637	41,127	47,088	38,198	—	31,205	35,518	—	193,162	37,613,391	
Benefits	13,941	8,856	16,919	12,856	—	9,277	9,038	—	49,710	9,661,106	
Consulting and contractual	52,791	29,487	—	—	—	17,692	6,262	—	—	16,881,824	
Materials and supplies	12,744	84,624	48,770	—	6,748	16,885	1,877	—	33,878	3,675,720	
Subwards	—	—	—	—	—	—	—	28,236	—	4,203,976	
Minor equipment	1,152	2,915	—	—	—	203	—	—	22,510	1,250,720	
Depreciation and amortization	—	—	—	—	—	—	—	—	—	512,724	
Equipment purchase	—	—	—	—	—	—	—	—	—	246,193	
Travel (per diem)	8,622	3,0715	—	—	—	10,038	8,227	—	—	877,928	
Education	6,966	33,405	—	—	—	—	233	—	17,391	800,095	
Renovation	—	—	—	—	—	—	—	—	—	539,515	
Leases	—	—	—	—	—	—	—	—	—	573,079	
Printing and reproduction	—	49,019	—	—	—	1,473	211	—	1,254	203,786	
Housekeeping	—	1,578	—	—	—	—	—	—	—	164,744	
Insurance	975	—	—	—	—	—	—	—	—	59,790	
Telephone	8,077	—	—	—	—	—	—	—	—	298,120	
Repairs and maintenance	97	467	—	—	—	—	—	—	—	88,650	
Moving and relocation expense	2,313	—	—	—	—	—	1,603	—	—	513,969	
Advertising	—	—	—	—	—	—	—	—	—	1,941	
Direct payments	—	—	—	—	—	—	—	—	—	37,821	
Scholarships	4,672	—	—	—	—	—	—	—	—	54,648	
Dues and subscriptions	428	—	—	—	—	—	—	—	—	103,005	
Taxes and licenses	—	—	—	—	—	—	—	—	—	44,172	
Postage and freight	—	603	—	—	—	2,466	9	—	—	11,560	
Recruitment	—	—	—	—	—	—	—	—	—	70,355	
Staff support	—	—	—	—	—	—	—	—	—	96,311	
Total direct	163,415	402,796	112,777	51,054	6,748	89,329	62,978	28,236	321,008	78,962,324	
Contract reduction	—	—	—	—	—	—	—	—	—	—	
Salaries	—	—	—	—	—	—	—	—	—	11,188,717	
Contractual	—	—	—	—	—	—	—	—	—	44,631	
Relocation	—	—	—	—	—	—	—	—	—	201,303	
Total contract reduction	—	—	—	—	—	—	—	—	—	11,434,651	
Total expenses before indirect cost allocation	163,415	402,796	112,777	51,054	6,748	89,329	62,978	28,236	321,008	90,397,175	
Indirect cost allocation	37,146	94,254	25,775	11,658	—	20,903	12,580	—	117,530	27,416,523	
Total expenses	200,561	497,050	138,552	62,712	6,748	110,232	75,558	28,236	438,538	117,813,698	
Change in net assets	—	—	—	—	—	—	—	—	—	19,082,595	
Net assets at beginning of year	—	—	—	—	—	—	—	—	—	82,698,211	
Net assets at end of year	—	—	—	—	—	—	—	—	—	111,780,806	

**SOUTHCENTRAL FOUNDATION**  
 State of Alaska Administered Programs -  
 Schedule of Activities  
 Year ended September 30, 2005

		Department of Health and Social Services				
	Alaska Native Health Board Prevention of Child Abuse and Neglect	Office of Children's Services Alaska Children's Trust Act	Division of Behavioral Health Community Mental Health Grants	Division of Behavioral Health Comprehensive Behavioral Health Treatment	Finance and Management Services Residential Psychiatric Treatment Center	Alaska Mental Health Trust Authority Tribal Intergovernmental Agreement
<b>Revenues:</b>						
State of Alaska	15,930	11,296	350,790	88,226	4,500	1,459
Federal pass through	15,930	11,296	350,790	59,892	4,500	—
<b>Total revenues</b>				<u>145,118</u>	<u>4,500</u>	<u>1,459</u>
<b>Expenses:</b>						
<b>Direct:</b>						
Salaries	—	8,529	151,721	83,464	—	—
Benefits	—	2,767	42,936	24,073	—	—
Consulting and contractual	—	—	35,813	—	4,500	1,067
Housekeeping	—	—	—	1,495	—	—
Materials and supplies	11,153	—	889	—	—	—
Minor equipment	1,872	—	(593)	—	—	—
Travel and per diem	—	—	31,525	5,832	—	—
Education	—	—	—	—	—	—
Printing and reproduction	—	—	25	—	—	—
Utilities	—	—	7,300	549	—	—
Telephone	—	—	(585)	—	—	—
Insurance	—	—	—	—	—	—
Repairs and maintenance	—	—	3,945	708	—	—
Advertising	—	—	—	—	—	—
Recruitment	—	—	—	—	—	—
Direct payments	—	—	136	32	—	—
Dues and subscriptions	—	—	—	—	—	—
Taxes and license	—	—	—	—	—	—
Postage and freight	—	—	111	—	—	—
Staff support	—	—	—	—	—	—
<b>Total expenses before indirect cost allocation</b>	<u>13,025</u>	<u>11,296</u>	<u>273,223</u>	<u>116,153</u>	<u>4,500</u>	<u>1,067</u>
<b>Indirect cost allocation</b>	<u>2,905</u>	<u>—</u>	<u>77,567</u>	<u>28,965</u>	<u>—</u>	<u>392</u>
<b>Total expenses</b>	<u>15,930</u>	<u>11,296</u>	<u>350,790</u>	<u>145,118</u>	<u>4,500</u>	<u>1,459</u>
<b>Change in net assets</b>						
Net assets at beginning of year	—	—	273,064	—	—	—
Net assets at end of year	—	—	273,064	—	—	—

(Continued)

**SOUTHCENTRAL FOUNDATION**  
State of Alaska Administered Programs -  
Schedule of Activities, Continued

	Department of Education					Total State of Alaska
	Division of Teaching and Learning Support Head Start Grant	Division of Teaching and Learning Support Child and Adult Care Food Program	University of Alaska Southeast Head Start/Early SEED Grant	Division of Public Assistance Early Head Start Child Care Grant	Department of Transportation and Public Facilities Car Seat Initiative Media Campaign	
Revenues:						
State of Alaska	\$ 75,608	—	—	15,588	—	789,343
Federal pass through	—	135,154	—	—	50,378	789,939
Total revenues	75,608	135,154	22,960	15,588	50,378	1,579,282
Expenses:						
Direct:						
Salaries	—	74,803	5,831	8,808	19,762	731,848
Benefits	—	26,792	1,637	3,663	5,537	210,686
Consulting and contractual	—	—	—	—	8,351	68,334
Housekeeping	—	—	—	—	—	8,513
Materials and supplies	49,673	33,559	136	—	585	122,611
Minor equipment	—	—	—	—	—	1,512
Travel and per diem	232	—	—	—	—	43,009
Education	15,971	—	12,361	—	180	30,314
Printing and reproduction	—	—	—	—	1,889	18,460
Utilities	—	—	—	—	—	29,228
Telephone	—	—	—	—	—	(697)
Insurance	—	—	—	—	—	9,557
Repairs and maintenance	—	—	—	—	—	5,430
Advertising	—	—	—	—	14,074	14,074
Recruitment	—	—	—	—	—	(486)
Direct payments	—	—	—	—	—	168
Dues and subscriptions	—	—	—	—	—	369
Taxes and license	—	—	—	—	—	103
Postage and freight	—	—	—	—	—	129
Staff support	—	—	—	—	—	168
Total expenses before indirect cost allocation	65,876	135,154	19,965	12,471	50,378	1,293,330
Indirect cost allocation	9,732	—	2,995	3,117	—	285,952
Total expenses	75,608	135,154	22,960	15,588	50,378	1,579,282
Change in net assets	—	—	—	—	—	—
Net assets at beginning of year	—	—	—	—	—	274,064
Net assets at end of year	—	—	—	—	—	274,064

**SOUTHCENTRAL FOUNDATION**  
State of Alaska Administered Programs -  
Schedule of Activities, Continued

		Department of Health and Social Services					
		Division of Senior Services Nutrition, Transportation and Support Services Grant	Division of Behavioral Health FASD Community Innovative Grant Program	Division of Behavioral Health Prevention and Early Intervention Services	Office of Children's Services Residential Child Care Grant	Division of Behavioral Health FASD Innovative Pilot Program	
Revenues:							
State of Alaska	\$	8,872	193,857	—	46,647	—	
Federal pass through		50,274	—	14,950	275,516	124,069	
Total revenues		59,146	193,857	14,950	322,163	124,069	
Expenses:							
Direct:							
Salaries		34,196	120,266	9,340	163,451	30,086	
Benefits		11,450	34,820	2,885	39,766	6,898	
Consulting and contractual		—	—	—	3,202	15,401	
Housekeeping		—	—	—	8,513	—	
Materials and supplies		1,541	—	—	10,950	12,630	
Minor equipment		—	—	—	—	233	
Travel and per diem		130	—	—	—	5,290	
Education		—	—	—	(290)	2,092	
Printing and reproduction		—	—	—	365	16,181	
Utilities		—	—	—	21,379	—	
Telephone		—	—	—	(112)	—	
Insurance		—	—	—	9,557	—	
Repairs and maintenance		—	—	—	777	—	
Advertising		—	—	—	—	—	
Recruitment		—	—	—	(486)	—	
Direct payments		—	—	—	—	—	
Dues and subscriptions		—	—	—	369	—	
Taxes and license		—	—	—	103	—	
Postage and freight		—	—	—	18	—	
Staff support		—	—	—	168	—	
Total expenses before indirect cost allocation		47,317	155,086	12,225	257,730	88,811	
Indirect cost allocation		11,829	38,771	2,725	64,433	35,258	
Total expenses		59,146	193,857	14,950	322,163	124,069	
Change in net assets		—	—	—	—	—	
Net assets at beginning of year		—	1,000	—	—	—	
Net assets at end of year	\$	—	1,000	—	—	—	

(Continued)

**SOUTHCENTRAL FOUNDATION**

Other Programs -

Schedule of Activities

Year ended September 30, 2005

	Miscellaneous Grants	Robert Wood Johnson Foundation FWFI	Rasmuson Grant FWFI	Paul G Allen Foundation FWFI	United Way	RAISE Summer Tutoring Program
Revenues:						
Other	\$ 98,848	21,580	108,865	173,965	33,490	25,000
Expenses:						
Salaries	—	—	28,372	38,637	19,123	10,517
Benefits	—	—	7,302	11,315	778	4,328
Consulting and contractual	50,826	8,308	30,248	—	—	—
Materials and supplies	10,746	4,867	7,761	5,970	—	2,038
Minor equipment	—	—	9,502	—	—	4,856
Equipment purchase	1,258	—	7,459	—	—	—
Travel and per diem	45	1,233	13,471	114,875	—	—
Education	100	—	2,146	3,077	—	—
Taxes & license	764	7,172	—	—	—	—
Printing and reproduction	12,457	—	2,604	91	—	—
Repairs and maintenance	6,914	—	—	—	—	—
Direct payments	—	—	—	—	—	—
Dues and subscriptions	200	—	—	—	—	—
Postage and freight	—	—	—	—	—	—
Staff support	—	—	—	—	—	—
Total expenses before indirect cost allocation	83,310	21,580	108,865	173,965	19,901	21,739
Indirect cost allocation	5,280	—	—	—	4,459	3,261
Total expenses	88,590	21,580	108,865	173,965	24,360	25,000
Change in net assets	10,258	—	—	—	9,130	—
Net assets at beginning of year	150,479	—	—	—	—	—
Net assets at end of year	\$ 160,737	—	—	—	9,130	—

(Continued)

**SOUTHCENTRAL FOUNDATION**

Other Programs -

Schedule of Activities, Continued

	University of Colorado Mental Health	Avon	Family Medicine WWAMI	Robert Wood Johnson Foundation Medicaid Pilot	Total Other Programs
Revenues:					
Other	\$ 40,812	38,455	11,753	41,358	594,126
Expenses:					
Salaries	31,388	—	—	32,247	160,284
Benefits	9,424	—	—	8,300	41,447
Consulting and contractual	—	3,328	4,000	—	96,710
Materials and supplies	—	13,755	758	—	45,895
Minor equipment	—	272	—	—	14,630
Equipment purchase	—	—	—	—	7,459
Travel and per diem	—	4,797	6,488	—	142,122
Education	—	6,945	—	—	12,213
Taxes & license	—	—	—	—	100
Printing and reproduction	—	4,491	—	—	12,427
Repairs and maintenance	—	—	222	—	15,374
Direct payments	—	1,095	—	—	8,009
Dues and subscriptions	—	376	—	—	376
Postage and freight	—	—	—	—	200
Staff support	—	—	285	—	285
Total expenses before indirect cost allocation	40,812	35,059	11,753	40,547	557,531
Indirect cost allocation	—	3,396	—	811	17,207
Total expenses	40,812	38,455	11,753	41,358	574,738
Change in net assets	—	—	—	—	19,388
Net assets at beginning of year	—	—	—	—	150,479
Net assets at end of year	\$ —	—	—	—	169,867
		20			

SOUTHCENTRAL FOUNDATION  
Schedule of Expenditures of Federal Awards  
Year ended September 30, 2005

	Contract or Grant Number	Catalog of Federal Domestic Assistance Numbers	Federal Expenditures
U.S. Department of Health and Human Services:			
Indian Health Service:			
Direct:			
Self Governance Compact			
Oct-01-2004 to Sep-30-2005	58G-950031-08	93.210	53,821,881
Compact Contract Reduction	58G-950031-08	93.210	12,219,817
Total direct			<u>66,041,698</u>
Passed through Alaska Native Tribal Health Consortium:			
Oct-01-2004 to Sep-30-2005	Purchase Agreement II	93.210	397,216
Oct-01-2002 to Sep-30-2003	M & I Projects	93.210	62,323
Oct-01-2003 to Sep-30-2004	M & I Projects	93.210	102,139
Oct-01-2003 to Sep-30-2004	Rural ASU	93.210	37,869
Oct-01-2004 to Sep-30-2005	Rural ASU	93.210	251,300
Oct-01-2004 to Sep-30-2005	Rural ASU	93.210	16,844
Oct-01-2004 to Sep-30-2005	CHS Transient Pool	93.210	26,032
Oct-01-2002 to Sep-30-2005	Other	93.210	459,281
July-01-2004 to Indefinitely	Behavioral Health Aides	93.210	23,508
Passed through Tanana Chiefs Conference:			
June-01-2004 to Sep-30-2005	Upper Kuskokwim	93.210	18,691
Total passed through			<u>1,395,203</u>
Direct:			
Indian Self-Determination Act Health & Related Services Program, Health Services Contract			
Jan-01-1997 to Sep-30-1997	243-89-0012	93.228	41,038
Tribal Management Grant			
Jan-01-2004 to Dec-31-2004	5 D25 94 00404-03	93.228	113,295
			<u>154,333</u>
Direct:			
Wellness Camp for Alaska Native Children			
Sep-01-2004 to Aug-31-2005	5 H1H 94 00037-02	93.933	34,021
Passed through from Alaska Federation of Natives			
Sub award through Alaska Native Tribal Health Consortium			
Behavioral Health Aide			
Dec-01-2003 to Jul-31-2005	ANTHC-04-U-2760	93.933	412,414
			<u>446,435</u>
Direct:			
Injury Prevention Part II			
May-01-2004 to Apr-30-2005	1 D27 94 00023-01	93.284	15,000
May-01-2005 to Apr-30-2006	5 D27 94 00023-02	93.284	12,734
			<u>27,734</u>
Special Diabetes Programs for Indians			
Jun-01-2004 to May-31-2005	6 H1D 94 00293-07	93.237	928,092
Jun-01-2005 to May-31-2006	5 H1D 94 00293-08	93.237	508,281
			<u>1,436,373</u>
Special Diabetes Program			
Sep-30-2004 to Sep-29-2005	1 H1D 94 00442-01	93.442	237,040
Centers for Disease Control and Prevention:			
Chronic Disease Prevention and Health Promotion Programs			
Jun-30-2004 to Jun-29-2005	U58/CCU022785-02	93.283	375,817
Jun-30-2005 to Jun-29-2006	U58/CCU022785-03	93.283	129,722
National Cancer Prevention and Control Program			
Jun-30-2004 to Jun-29-2005	U55/CCU021907-03	93.283	1,136,198
Jun-30-2005 to Jun-29-2006	U55/CCU021907-04	93.283	259,256
			<u>1,900,993</u>
Substance Abuse and Mental Health Services Administration:			
Alaska Women's Recovery Project			
Sep-30-2004 to Sep-29-2005	5 H79 TI13221-04	93.230	220,000
Targeted Capacity Expansion			
Sep-30-2004 to Sep-29-2005	6 H79 TI13528-02	93.230	405,724
			<u>625,724</u>

SOUTHCENTRAL FOUNDATION  
 Schedule of Expenditures of Federal Awards  
 Year ended September 30, 2005

	<u>Contract or Grant Number</u>	<u>Catalog of Federal Domestic Assistance Numbers</u>	<u>Federal Expenditures</u>
Passed through Cook Inlet Tribal Council:			
Screening, Brief Intervention, Referral and Treatment Grant			
Oct-02-2003 to Sep-30-2005	1 UD1 T115969-01	93.230	260,022
Oct-01-2004 to Sep-30-2005	1 UD1 T115969-01	93.230	455,373
Passed through State of Alaska Department of Health and Social Services:			
Fetal Alcohol Spectrum Disorder Innovative Pilot Grant Program			
Jul-01-2004 to Jun-30-2005	602-05-001	93.230	124,069
Fetal Alcohol Spectrum Disorder Innovative Community Grants			
Jul-01-2004 to Jun-30-2005	602-05-036	93.230	36,316
Total passed through			875,780
			1,501,504
Direct:			
Comprehensive Behavioral Health Prevention & Early Intervention Services for FAS/ARBD			
Jul-01-2005 to Jun-30-2006	602-06-010	93.959	14,950
Comprehensive Behavioral Health Treatment Programs			
Jul-01-2005 to Jun-30-2006	602-06-208	93.959	59,892
			74,842
National Institutes of Health:			
Passed through Alaska Native Tribal Health Consortium:			
The American Indian/Alaska Native Prospective Study			
Jun-01-2002 to Aug-31-2005	ANTHC-02-U-4695	93.393	416,929
Health Resources and Services Administration:			
Direct:			
Health Center Cluster Demonstration - Alaska Initiative			
Sep-01-2004 to May-31-2005	2 H80 CS 01128-03	93.224	1,107,971
Jun-01-2005 to May-31-2006	6 H80 CS 01128-04	93.224	614,373
			1,722,344
Residency Training in General and Pediatric Dentistry			
Jul-01-2004 to Jun-30-2005	1 D59 HP 03574-01	93.884	204,704
Jul-01-2005 to Jun-30-2006	5 D59 HP 03574-02	93.884	16,873
			221,577
Passed through:			
Alaska Native Tribal Health Consortium:			
Ryan White Title III			
Sep-01-2002 to Dec-31-2005	ANTHC-02-U 5264	93.924	43,222
Sep-01-2002 to Dec-31-2005	ANTHC-02-U 5264	93.924	39,925
			83,147
Administration for Children and Families:			
Direct:			
Head Start and Early Head Start			
Jan-01-2004 to Dec-31-2004	90CI0172/12	93.600	722,021
Jan-01-2005 to Dec-31-2005	90CI0172/13	93.600	1,703,762
			2,425,783
Safe Home Program			
Jul-01-2004 to Sep-30-2005	G-04SJAKFVPS	93.671	249,945
Transitional Living Program			
Sep-30-2004 to Sep-29-2005	10CX0038/03	93.550	38,821
Sep-30-2004 to Sep-29-2005	10CX0038/03	93.550	161,740
			200,561
Passed through Alaska Native Health Board - Child Abuse Prevention Program			
Sep-30-2004 to Sep 29 2005	90XA0077	93.670	497,050

SOUTHCENTRAL FOUNDATION  
Schedule of Expenditures of Federal Awards  
Year ended September 30, 2005

	<u>Contract or Grant Number</u>	<u>Catalog of Federal Assistance Numbers</u>	<u>Federal Expenditures</u>
Passed through State of Alaska Department of Health and Social Services:			
Sub award through Alaska Native Health Board			
Child Abuse Prevention			
Jul-01-2004 to Jun-30-2005			
	2003-110	93.670	15,930
			<u>512,980</u>
Administration on Aging:			
Direct:			
Older Americans Act, Title VI Part A			
	Apr-01-2004 to Mar-31-2005	0435AK2689	93.047 68,308
	Apr-01-2005 to Mar-31-2006	0535AK2689	93.047 70,243
			<u>138,551</u>
Older Americans Act, Title VI Part C			
	Apr-01-2004 to Mar-31-2005	0435AK16CG	93.052 32,045
	Apr-01-2005 to Mar-31-2006	0535AKT6CG	93.052 30,667
			<u>62,712</u>
Nutrition Services Incentive Program (NSIP)			
	Apr-01-2005 to Mar-31-2006	0535AKNSIP	93.053 6,748
Passed through State of Alaska Department of Health & Social Services:			
Nutrition, Transportation and Support Services			
	Jul-01-2004 to Jun-30-2005	607-05-135	93.044 50,274
Centers for Medicare and Medicaid Services:			
Passed through State of Alaska Office of Children's Services			
Behavioral Rehabilitation Services - Residential Child Care			
	Jul-01-2004 to Jun-30-2005	603-05-025	93.778 275,516
Total U.S. Department of Health and Human Services			<u>79,583,222</u>
U.S. Department of Justice:			
Direct:			
Violence Against Women Office:			
STOP Violence Against Indian Women			
	Oct-01-1997 to Sep-30-2005	97-WI-VX-0018	16.587 110,232
Rural Domestic Violence and Child Victimization Enforcement			
	Jul-01-2002 to Dec-31-2004	2002-WR-BX-0013	16.589 75,558
Office for Victims of Crime:			
Children's Justice Act Partnerships for Indian Communities			
	Jul-01-2002 to Mar-31-2005	2002-VI-GX-0002	16.583 28,236
Total U.S. Department of Justice			<u>214,026</u>
Denali Commission:			
Passed through State of Alaska Department of Health and Social Services			
	Jul-19-2005 to Jun-30-2006	06-4-C-5033	90.100 4,500
U.S. Department of Education:			
Direct:			
Young Families			
	Oct-01-2003 to Sep-30-2005	S356A030020-03	84.356 64,425
	Oct-01-2004 to Sep-30-2005	S356A030020-04	84.356 374,113
			<u>438,538</u>
Passed through State of Alaska University of Alaska Southeast:			
The Alaska System for Early Education Development (SEED)			
	Nov-18-2004 to Aug-1-2005	PO311745	84.215 22,960
Total U.S. Department of Education			<u>461,498</u>
U.S. Department of Transportation:			
Passed through State of Alaska Department of Transportation:			
Anchorage Native Primary Care Center			
Car Seat Initiative Media Campaign			
	Oct-01-2004 to Sep-30-2005	050308 OP	20.600 50,378
Total U.S. Department of Transportation			<u>50,378</u>

SOUTHCENTRAL FOUNDATION  
 Schedule of State Financial Assistance  
 Year ended September 30, 2005

	<u>Grant Number</u>	<u>State Expenditures</u>
Department of Health and Social Services:		
Direct:		
* Community Mental Health Jul-01-2004 to Jun-30-2005	602-05-522	350,789
* Comprehensive Behavioral Health Treatment Programs Jul-01-2005 to Jun-30-2006	602-06-208	85,226
* Dena A Coy Substance Abuse Services Jul-01-2004 to Jun-30-2005	602-05-322	193,857
Alaska Mental Health Trust Authority Tribal Intergovernmental Agreement Jul-01-2005 to Jun-30-2006	None	1,459
Division of Public Assistance - Early Head Start Child Care Grant Jul-01-2004 to Jun-30-2005	SOF00059	15,588
Office of Children's Services Residential Child Care Grant Jul-01-2004 to Jun-30-2005	603-05-025	46,647
Alaska Childrens Trust (ACT) Jul-01-2005 to Jun-30-2006	603-06-406	11,296
Division of Senior and Disabilities Services Nutrition, Transportation and Support Services (NTS) Jul-01-2004 to Jun-30-2005	607-05-135	8,872
Total direct		<u>713,734</u>
Passed through:		
Comprehensive Behavioral Health Prevention and Early Intervention Services Jul-01-2005 to Jun-30-2006	602-06-010	14,950
FASD Community Innovative Grant Program Jul-01-2004 to Jun-30-2005	602-05-036	36,316
FASD Innovative Pilot Program Jul-01-2004 to Jun-30-2005	602-05-001	124,069
Planning & Design of a Residential Psychiatric Treatment Center (RPTC) Jul-19-2005 to Jun-30-2006	06-4-C-5033	4,500
Residential Child Care Jul-01-2004 to Jun-30-2005	603-05-025	275,516
Comprehensive Behavioral Health Treatment Programs Jul-01-2005 to Jun-30-2006	602-06-208	59,892

(continued)

SOUTHCENTRAL FOUNDATION  
Schedule of Expenditures of Federal Awards  
Year ended September 30, 2005

	Contract or Grant number	Catalog of Federal Domestic Assistance numbers	Federal expenditures
U.S. Department of Agriculture:			
Passed through State of Alaska Department of Education:			
Child and Adult Care Food Program			
Oct-01-2004 to Sep-30-2005	03-02-01	10.558	135,154
Total U.S. Department of Agriculture			135,154
Total Federal Assistance			\$ 80,448,778

Notes to Schedule:

- (1) This schedule has been prepared on the accrual basis of accounting.
- (2) Reconciliation and agreement to Federal Revenues on the Statement of Activities:

Federal Sources	\$ 68,840,690
Federal contract reductions	12,059,578
Total Federal revenues per Statement of Activities	80,900,268
Less timing differences between revenue recognition and expenditures on Self Governance Compact and Compact Contract Reduction	(451,490)
Total federal assistance	\$ 80,448,778

SOUTHCENTRAL FOUNDATION  
Schedule of State Financial Assistance, Continued

	Grant Number	State Expenditures
Division of Senior and Disabilities Services		
Nutrition, Transportation and Support Services (NTS)		
Jul-01-2004 to Jun-30-2005	607-05-135	50,274
Total passed through		565,517
Total Department of Health and Social Services		1,279,251
Department of Education and Early Development:		
Direct:		
* Head Start School Readiness Grant		
Jul-01-2004 to Jun-30-2005	HS 05.090.R1	7,500
* Head Start Professional Development Grant		
Jul-01-2004 to Jun-30-2005	HS 05.090.P1	3,450
* Head Start Health and Safety Grant		
Jul-01-2004 to Jun-30-2005	HS 05.090.S1	13,530
* Head Start Alaska Presentation Grant		
Jul-01-2004 to Jun-30-2005	HS 05.090.02	1,000
* Head Start		
Jul-01-2004 to Jun-30-2005	HS05.090.01	40,373
Jul-01-2005 to Jun-30-2006	HS06.090.01	9,756
Total direct		75,609
Passed through:		
Child and Adult Care Food Program		
Oct-01-2004 to Sep-30-2005	03-02-01	135,154
Total Department of Education and Early Development		210,763
Department of Transportation and Public Facilities:		
Passed through:		
National Highway Traffic Safety Administration		
Anchorage Native Primary Care Center		
Car Seat Initiative Media Campaign		
Oct-01-2004 to Sep-30-2005	050308 OP	50,378
Total State Financial Assistance		\$ 1,540,392

Notes to Schedule:

- (1) \* Designates major program for State Single Audit Compliance purposes  
(2) Reconciliation and agreement to State of Alaska Administered

Program Schedule:

Direct	\$ 789,343
Pass through	751,049
State Financial Assistance	1,540,392

Federal monies not on this schedule administered by

State organizations:

University of Alaska - Southeast	22,960
Alaska Native Health Board	15,930
	38,890

Total per State Administered Program Schedule	\$ 1,579,282
--	--------------

- (3) This schedule has been prepared on the accrual basis of accounting.  
(4) There were no prior year findings or questioned costs.

Members of the Board of Directors  
Southcentral Foundation

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management in a separate letter dated January 27, 2006.

This report is intended solely for the information and use of the Southcentral Foundation's Board of Directors and management, 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.

  
January 27, 2006

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*

Members of the Board of Directors  
Southcentral Foundation  
Anchorage, Alaska

Ladies and Gentlemen:

We have audited the financial statements of Southcentral Foundation as of and for the year ended September 30, 2005, and have issued our report thereon dated January 27, 2006. 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 Southcentral Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southcentral Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Members of the Board of Directors  
Southcentral Foundation  
Anchorage, Alaska

Ladies and Gentlemen:

Compliance

We have audited the compliance of Southcentral Foundation 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 award programs for the year ended September 30, 2005. Southcentral Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Southcentral Foundation's management. Our responsibility is to express an opinion on Southcentral Foundation's compliance based on our audit.

We conducted our audits 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 Southcentral Foundation'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 on Southcentral Foundation's compliance with those requirements.

In our opinion, Southcentral Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2005.

Members of the Board of Directors  
Southcentral Foundation

Internal Control Over Compliance

The management of Southcentral Foundation 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 Southcentral Foundation'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud, that would be material in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Southcentral Foundation's Board of Directors and management, 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.

*Altman, Rogers & Co.*

January 27, 2006

SOUTHCENTARL FOUNDATION

Schedule of Findings and Questioned Costs

Year Ended September 30, 2005

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

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Reportable condition(s) identified not considered to be material weakness(es)?  yes  no

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?  yes  no

Reportable condition(s) identified not considered to be material weakness(es)?  yes  no

Type of auditors' report issued on compliance for major program: unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?  yes  no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.210

Indian Health Services Self-Governance Compact

93.283

Chronic Disease and Health Promotion Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,413,463

Auditee qualified as low-risk auditee?  yes  no

SOUTHCENTRAL FOUNDATION

Schedule of Findings and Questioned Costs, Continued

***Section II - Financial Statement Findings***

No matters were reported.

***Section III - Federal Award Findings and Questioned Costs***

No matters were reported.

Members of the Board of Directors  
Southcentral Foundation

Internal Control over Compliance

The management of Southcentral Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered Southcentral Foundation's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Southcentral Foundation's Board of Directors and management, and the State of Alaska and is not intended to be and should not be used by anyone other than these specified parties.



January 27, 2006

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Members of the Board of Directors  
Southcentral Foundation  
Anchorage, Alaska

Ladies and Gentlemen:

We have audited the compliance of Southcentral Foundation with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended September 30, 2005. Southcentral Foundation's major state programs are identified in the accompanying Schedule of State Financial Assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Southcentral Foundation's management. Our responsibility is to express an opinion on Southcentral Foundation's compliance based on our audit.

We conducted our audits 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 the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the audit guide 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 state program occurred. An audit includes examining, on a test basis, evidence about Southcentral Foundation'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 Southcentral Foundation's compliance with those requirements.

In our opinion, Southcentral Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended September 30, 2005.

**SOUTHCENTRAL FOUNDATION**  
 State Financial Assistance Reports  
 State of Alaska  
 Department of Health and Social Services  
 Division of Behavioral Health  
 Community Mental Health Services 602-05-522  
 Revenues and Expenditures - Budget and Actual  
 Year ended June 30, 2005

	<u>Actual</u>		<u>Total</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
	<u>Three months ended September 30, 2004</u>	<u>Nine months ended June 30, 2005</u>			
Revenues:					
Grant	\$ 81,550	350,789	432,339	432,339	—
In-Kind	27,183	116,931	144,114	144,114	—
	<u>108,733</u>	<u>467,720</u>	<u>576,453</u>	<u>576,453</u>	<u>—</u>
Expenditures:					
Personal services	63,374	263,615	326,989	326,445	(544)
Travel	4,174	41,311	45,485	44,168	(1,317)
Facility expense	7,999	42,098	50,097	51,861	1,764
Supplies	8,296	12,751	21,047	20,684	(363)
Other	374	4,510	4,884	5,538	654
Indirect	24,516	103,435	127,951	127,757	(194)
Total expenditures	<u>108,733</u>	<u>467,720</u>	<u>576,453</u>	<u>576,453</u>	<u>—</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**  
 State Financial Assistance Reports  
 State of Alaska  
 Department of Health and Social Services  
 Division of Behavioral Health  
 Comprehensive Behavioral Health Treatment Programs 602-06-208  
 Revenues and Expenditures - Budget and Actual  
 Three months ended September 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Grant	\$ 145,118	683,740	538,622
In-Kind	53,798	259,137	205,339
	<u>198,916</u>	<u>942,877</u>	<u>743,961</u>
Expenditures:			
Personal services	148,231	681,625	533,394
Travel	6,063	20,149	14,086
Facility expense	582	17,850	17,268
Supplies	3,523	18,218	14,695
Equipment	675	2,600	1,925
Other	31	16,428	16,397
Indirect	39,811	186,007	146,196
Total expenditures	<u>198,916</u>	<u>942,877</u>	<u>743,961</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**  
 State Financial Assistance Reports  
 State of Alaska  
 Department of Health and Social Services  
 Division of Behavioral Health  
 Bring the Kids Home Program 602-06-958  
 Revenues and Expenditures - Budget and Actual  
 Three months ended September 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Grant	\$ —	100,000	100,000
In-Kind	—	33,334	33,334
	<u>—</u>	<u>133,334</u>	<u>133,334</u>
Expenditures:			
Personal services	—	76,240	76,240
Travel	—	1,970	1,970
Supplies	—	2,500	2,500
Other	—	17,330	17,330
Indirect	—	35,294	35,294
Total expenditures	<u>—</u>	<u>133,334</u>	<u>133,334</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**  
 State Financial Assistance Reports  
 State of Alaska  
 Department of Health and Social Services  
 Division of Behavioral Health  
 Comprehensive Behavioral Health Prevention and Early Intervention Services 602-06-010  
 Revenues and Expenditures - Budget and Actual  
 Three months ended September 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Grant	\$ 14,950	120,000	105,050
In-Kind	4,039	32,419	28,380
	<u>18,989</u>	<u>152,419</u>	<u>133,430</u>
Expenditures:			
Personal services	15,497	108,324	92,827
Travel	—	300	300
Supplies	—	12,308	12,308
Equipment	—	2,500	2,500
Other	—	1,195	1,195
Indirect	3,492	27,792	24,300
Total expenditures	<u>18,989</u>	<u>152,419</u>	<u>133,430</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**  
 State Financial Assistance Reports  
 State of Alaska  
 Department of Health and Social Services  
 Division of Behavioral Health  
 Substance Abuse Services 602-05-322  
 Revenues and Expenditures - Budget and Actual  
 Year ended June 30, 2005

	<u>Actual</u>		<u>Total</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
	<u>Three months ended September 30, 2004</u>	<u>Nine months ended June 30, 2005</u>			
Revenues:					
Grant	\$ 57,545	193,857	251,402	251,402	—
In-Kind	19,182	64,619	83,801	83,801	—
	<u>76,727</u>	<u>258,476</u>	<u>335,203</u>	<u>335,203</u>	<u>—</u>
Expenditures:					
Personal services	61,382	208,261	269,643	268,163	(1,480)
Indirect	15,345	50,215	65,560	67,040	1,480
Total expenditures	<u>76,727</u>	<u>258,476</u>	<u>335,203</u>	<u>335,203</u>	<u>—</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Behavioral Health

Innovative Pilot Projects for FASD Prevention &amp; Intervention Services Grant #602-05-001

Revenues and Expenditures - Budget and Actual

Year ended June 30, 2005

	<u>Actual</u>		<u>Total</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
	<u>Three months ended September 30, 2004</u>	<u>Nine months ended June 30, 2005</u>			
Revenues:					
Grant	\$ 25,931	124,069	150,000	150,000	—
In-Kind	18,707	63,241	81,948	79,368	(2,580)
	<u>44,638</u>	<u>187,310</u>	<u>231,948</u>	<u>229,368</u>	<u>(2,580)</u>
Expenditures:					
Personal services	24,087	83,849	107,936	98,511	(9,425)
Travel	—	5,290	5,290	4,600	(690)
Supplies	1,955	28,807	30,762	26,750	(4,012)
Other	5,911	17,730	23,641	34,325	10,684
Indirect	12,685	51,634	64,319	65,182	863
	<u>44,638</u>	<u>187,310</u>	<u>231,948</u>	<u>229,368</u>	<u>(2,580)</u>
Total expenditures					
	<u>44,638</u>	<u>187,310</u>	<u>231,948</u>	<u>229,368</u>	<u>(2,580)</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Behavioral Health

Innovative Community Grant for FASD Prevention and Intervention Services Grant #602-05-036

Revenues and Expenditures - Budget and Actual

Year ended June 30, 2005

	Actual		Total	Budget	Variance favorable (unfavorable)
	Three months ended September 30, 2004	Nine months ended June 30, 2005			
Revenues:					
Grant	\$ 13,684	36,316	50,000	50,000	—
In-Kind	1,457	3,868	5,325	5,325	—
	<u>15,141</u>	<u>40,184</u>	<u>55,325</u>	<u>55,325</u>	<u>—</u>
Expenditures:					
Personal services	12,113	32,241	44,354	44,210	(144)
Travel	—	—	—	50	50
Indirect	3,028	7,943	10,971	11,065	94
Total expenditures	<u>15,141</u>	<u>40,184</u>	<u>55,325</u>	<u>55,325</u>	<u>—</u>
Excess of revenues over expenditures	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Alaska Mental Health Trust Authority

Tribal Intergovernmental Agreement

Revenues and Expenditures - Budget and Actual

Three months ended September 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Grant	\$ 1,459	125,000	123,541
Expenditures:			
Personal services	—	34,125	34,125
Travel	—	350	350
Supplies	—	256	256
Equipment	—	62,500	62,500
Other	1,067	11,225	10,158
Indirect	392	16,544	16,152
Total expenditures	<u>1,459</u>	<u>125,000</u>	<u>123,541</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Division of Senior and Disabilities Services

Nutrition, Transportation and Support Services Grant #607-05-135

Revenues and Expenditures - Budget and Actual

Year ended June 30, 2005

	Actual		Total	Budget	Variance favorable (unfavorable)
	Three months ended September 30, 2004	Nine months ended June 30, 2005			
Revenues:					
Grant	\$ 32,764	59,146	91,910	91,910	—
In-Kind	3,276	5,915	9,191	9,191	—
	<u>36,040</u>	<u>65,061</u>	<u>101,101</u>	<u>101,101</u>	<u>—</u>
Expenditures:					
Personal services	25,901	45,646	71,547	70,686	(861)
Travel	310	129	439	1,300	861
Supplies	2,621	6,436	9,057	8,895	(162)
Indirect	7,208	12,850	20,058	20,220	162
	<u>36,040</u>	<u>65,061</u>	<u>101,101</u>	<u>101,101</u>	<u>—</u>
Total expenditures					
	<u>36,040</u>	<u>65,061</u>	<u>101,101</u>	<u>101,101</u>	<u>—</u>
Excess of revenues over expenditures	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Finance and Management Services/Facilities Section

Planning and Design of a Residential Psychiatric Treatment Center 06-4-C-5033

Revenues and Expenditures - Budget and Actual

Three months ended September 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Grant	\$ 4,500	90,000	85,500
Expenditures:			
Other	4,500	69,300	64,800
Indirect	—	20,700	20,700
Total expenditures	<u>4,500</u>	<u>90,000</u>	<u>85,500</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Office of Children's Services / Alaska Children's Trust  
Child Abuse and Neglect Prevention Grant #603-06-406

Revenues and Expenditures - Budget and Actual

Three months ended September 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Grant	\$ 11,296	37,500	26,204
In-Kind	9,293	12,500	3,207
	<u>20,589</u>	<u>50,000</u>	<u>29,411</u>
Expenditures:			
Personal services	18,827	37,500	18,673
Other	1,762	12,500	10,738
Total expenditures	<u>20,589</u>	<u>50,000</u>	<u>29,411</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>

**SOUTHCENTRAL FOUNDATION**

## State Financial Assistance Reports

State of Alaska

Department of Health and Social Services

Office of Children's Services

Residential Child Care Grant #603-05-025

## Revenues and Expenditures - Budget and Actual

Year ended June 30, 2005

	<u>Actual</u>		<u>Total</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
	<u>Three months ended September 30, 2004</u>	<u>Nine months ended June 30, 2005</u>			
Revenues:					
Grant	\$ 294,087	322,163	616,250	770,150	153,900
Expenditures:					
Personal services	201,977	203,205	405,182	445,757	40,575
Facility expense	19,166	37,317	56,483	91,599	35,116
Supplies	9,055	16,179	25,234	74,756	49,522
Other	5,072	1,029	6,101	8,895	2,794
Indirect	58,817	64,433	123,250	149,143	25,893
Total expenditures	294,087	322,163	616,250	770,150	153,900
Excess of revenues over expenditures	\$ —	—	—	—	—

**SOUTHCENTRAL FOUNDATION**  
 State Financial Assistance Reports  
 State of Alaska  
 Department of Health and Social Services  
 Office of Children's Services  
 Child Safety Net Grant - ANHB Pass Through #2003-110  
 Revenues and Expenditures - Budget and Actual  
 Three months ended June 30, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Revenues:			
Grant	\$ 15,930	15,930	—
Expenditures:			
Supplies	13,025	13,025	—
Indirect	2,905	2,905	—
Total expenditures	<u>15,930</u>	<u>15,930</u>	<u>—</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>

