

**COUNCIL OF THREE RIVERS  
AMERICAN INDIAN CENTER, INC.**



**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

**COUNCIL OF THREE RIVERS  
AMERICAN INDIAN  
CENTER, INC.**  
ALLEGHENY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

AND

OTHER INFORMATION REQUIRED BY OFFICE  
OF MANAGEMENT AND BUDGET  
CIRCULAR A-133

WITH REPORTS BY  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEARS ENDED  
JUNE 30, 2012 AND 2011**

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
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# **Mark C. Turnley**

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Certified Public Accountant

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**Board of Directors**  
**Council of Three Rivers American Indian Center, Inc.**

## **Independent Auditor's Report**

I have audited the accompanying statement of financial position of Council of Three Rivers American Indian Center, Inc. (a non-profit corporation) as of June 30, 2012 and 2011 and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of Council of Three Rivers American Indian Center, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits 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. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, Council of Three Rivers American Indian Center, Inc.'s policy is to expense the cost of fixed asset purchases in the year of acquisition to match annual grant allotments in the statement of activities. This practice is not in accordance with U.S. generally accepted accounting principles.

In my opinion, except for the effects, if any, of expending the cost of fixed assets in the year of acquisition, as explained in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Council of Three Rivers American Indian Center, Inc. as of June 30, 2012 and 2011 and the changes in its net assets and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 27, 2013 on my consideration of Council of Three Rivers American Indian Center, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.



Mark C. Turnley  
Certified Public Accountant

March 27, 2013  
Ambridge, Pennsylvania

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30,**

<b><u>ASSETS</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Cash and Cash Equivalents	\$ 365,515	\$ 365,143
Grants Receivable	168,655	138,065
Other Receivables	319	1,650
Due from Other Programs	182,397	189,630
Fixed Assets	834,617	834,617
<b>TOTAL ASSETS</b>	<b><u>\$ 1,551,503</u></b>	<b><u>\$ 1,529,105</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES:</b>		
Accounts Payable/Accrued Expenses	\$ 246,951	\$ 160,820
Payroll Withholding	766	2,813
Due to Other Programs	182,397	189,630
Deferred Revenue	878	30,283
<b>TOTAL LIABILITIES</b>	<b><u>\$ 430,992</u></b>	<b><u>\$ 383,546</u></b>
<b>NET ASSETS:</b>		
Unrestricted	\$ 231,929	\$ 208,180
Temporarily Restricted	53,965	102,762
Permanently Restricted	-	-
Investment in Fixed Assets	834,617	834,617
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,120,511</u></b>	<b><u>\$ 1,145,559</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,551,503</u></b>	<b><u>\$ 1,529,105</u></b>

The accompanying notes are an integral part of these financial statements



**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30,**

		<b>TEMPORARILY UNRESTRICTED</b>	<b>2012 TOTAL</b>	<b>2011 TOTAL</b>
<b>REVENUE AND OTHER SUPPORT:</b>				
Grants	\$		7,726,411	\$ 7,694,586
Contributions - In-kind	-	7,726,411	1,369,589	1,326,369
Other Contributions	-	1,369,589	82,094	3,851
Program Service Fees	1,094	81,000	73,126	93,747
Sale of Assets	59,336	73,126	68,678	-
Interest	26	-	26	39
Net Assets Released From Temporary Restrictions	9,339,736	(9,339,736)	-	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>\$ 9,468,870</b>	<b>\$ (89,610)</b>	<b>\$ 9,379,260</b>	<b>\$ 9,118,592</b>
<b>EXPENSES:</b>				
Program Services	\$ 7,321,261	-	7,321,261	\$ 7,184,537
Management and General	705,895	-	705,895	648,494
Contributions - In-kind	1,369,589	-	1,369,589	1,326,369
<b>TOTAL EXPENSES</b>	<b>\$ 9,396,745</b>	<b>\$ -</b>	<b>\$ 9,396,745</b>	<b>\$ 9,159,400</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 72,125</b>	<b>\$ (89,610)</b>	<b>\$ (17,485)</b>	<b>\$ (40,808)</b>
NET ASSETS - JULY 1,	208,180	102,762	310,942	342,329
Prior Period Adjustment	(48,376)	40,813	(7,563)	9,421
<b>NET ASSETS - JUNE 30,</b>	<b>\$ 231,929</b>	<b>\$ 53,965</b>	<b>\$ 285,894</b>	<b>\$ 310,942</b>

The accompanying notes are an integral part of these financial statements

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30,**

	2012	2011
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ (17,485)	\$ (40,808)
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:		
Prior Period Adjustment	\$ (7,563)	\$ 9,421
<Increase> Decrease in Receivables	(29,259)	115,682
Increase <Decrease> in Accounts Payable/Accrued Expenses	86,131	(185,186)
Increase <Decrease> in Payroll Withholding	(2,047)	2,813
Increase <Decrease> in Deferred Revenue	(29,405)	(2,062)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ 372</b>	<b>\$ (100,140)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 372</b>	<b>\$ (100,140)</b>
CASH AND CASH EQUIVALENTS - July 1,	365,143	465,283
<b>CASH AND CASH EQUIVALENTS - June 30,</b>	<b>\$ 365,515</b>	<b>\$ 365,143</b>

The accompanying notes are an integral part of these financial statements



**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND 2011**

**NOTE 1 – REPORTING ENTITY**

Council of Three Rivers American Indian Center, Inc. (COTRAIC) is a private, multi-funded, non-profit corporation headquartered in Allegheny County, Pennsylvania. The Corporation provides a variety of services to Native Americans and others. COTRAIC operates a variety a federal, state and locally funded programs as follows:

**HEAD START PROGRAM**

This program provides comprehensive emotional, social, health, nutritional and psychological needs to children age 3 to school age. Parent involvement and the child's individual needs are an integral part of the program. The program also provides services to Early Head Start infants, toddlers and families. The program receives basic funding from the U.S. Department of Health and Human Services for its Head Start and Early Head Start programs. During the 2010-2011 fiscal year, COTRAIC also received funding through the American Recovery and Reinvestment Act (ARRA). Additionally, COTRAIC receives supplemental Head Start Program assistance from the Commonwealth of Pennsylvania passed through the Berks County Intermediate Unit. This supplemental assistance was discontinued beginning with the 2012-2013 fiscal year.

**WIA PROGRAM**

The Workforce Investment Act (WIA) of 1998 is designed to provide training and employment services to Indian and Native American people. It assists them in securing the necessary skills to enter and advance in meaningful full-time employment. It assists those who have skills and employment background in upgrading them and finding better jobs.

**PRE K COUNTS PROGRAM**

This program expands pre-kindergarten opportunities for eligible students.

**NATIVE AMERICAN ELDERS PROGRAM**

The Elders Program is an outreach, information and referral services program that addresses the needs and concerns of the Native American elderly living in Allegheny County.

**DOLLARS AND SENSE GRANT PROGRAM**

COTRAIC received a \$56,000 Dollars and Sense Grant from the PNC Foundation during the 2011-2012 fiscal year to provide financial education and management programming to low-income families with young children.

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND 2011**

**NOTE 1 – REPORTING ENTITY (Continued)**

**SWAN PROGRAM**

This program maintains listings of Native American children available for adoption and adoptive parents, and also functions as an information and referral service for people of agencies seeking adoption related information.

Rainbow is a Pennsylvania state licensed adoption agency which services families in Western Pennsylvania. The recruitment of families for special needs and minority children is the focus of this program.

This program provides foster care for children.

**CHILD DEVELOPMENT PROGRAM**

This program provides home base education and child development services for families with children under the age of five and special needs children under the age of six.

**CENTER PROGRAM**

The Center Program is the general operating fund of the Corporation. It is used to account for all financial resources except those required to be accounted for in another program.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

Council of Three Rivers American Indian Center, Inc. utilizes the accrual basis of accounting. Under this method, grant revenues are recognized to the extent of related grant expenditures. Expenditures are recognized when the obligation is incurred as opposed to when the disbursement is actually made with certain exceptions. Insurance expense is recognized when paid rather than amortized over the term of the insurance coverage. Depreciation on fixed assets is not required by the organization's grantor agencies and therefore not included in the accompanying financial statements. This practice is not in accordance with accounting principles generally accepted in the United States of America. Program income is recognized in the accounting period when services are provided. In-Kind contributions are recorded at fair value and are recognized as revenue in the accounting period when they are received.



**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND 2011**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION**

In accordance with generally accepted accounting standards, Council of Three Rivers American Indian Center, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Council of Three Rivers American Indian Center, Inc. and/or the passage of time. Temporarily restricted net assets can be fulfilled and removed by actions of the organization pursuant to those stipulations, and can be reclassified to (or from) other classes of net assets as a consequence of donor-imposed stipulations. When donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. At June 30, 2012, COTRAIC had \$53,965 in temporarily restricted net assets in connection with its Dollars and Sense grant from the PNC Foundation.
- Permanently Restricted Net Assets – Net assets subject to permanent donor-imposed restrictions that stipulate that resources be maintained permanently, but permits the organization to use up or expend part or all of the income derived by the donor. At June 30, 2012 and 2011, there were no permanently restricted net assets.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposit accounts, and any other highly liquid investment with a maturity term of three months or less.

**RECEIVABLES**

Grants and other receivables are stated at net realizable value.

**FURNITURE AND EQUIPMENT**

Grant Award Equipment – In accordance with grant award budgets approved by funding sources, equipment is charged to expense in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life. Further, equipment lease payments are expensed when paid instead of equipment being capitalized and depreciated. As a result, the expenses reflected in the statement of activities include the cost of equipment purchased or leased during the year rather than a provision for depreciation.

COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012 AND 2011

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FURNITURE AND EQUIPMENT (Continued)**

The equipment acquired is owned by COTRAIC while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds, is subject to funding source regulations.

Non-grant Award Equipment – Equipment purchased with non-grant award funds is charged to expense in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life.

Assets (all equipment valued at \$5,000 or more) are reported in the financial statements at cost with the exception of Center Program assets. Fixed assets of the Center represent the fair value of the program headquarters building located in Dorseyville from property tax records maintained by Allegheny County.

**INVENTORY**

Minor materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized on the statement of financial position.

**COST ALLOCATION**

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

Personnel – administrative and financial personnel. The time specifically identifiable to a particular program is charged to that program. The time spent on general matters is charged to programs using a percentage based on the units of service charged to the programs.

Supplies – Supplies are expensed to specific programs as used.

Building – Space costs (maintenance, supplies, etc.) are allocated based on the number of square feet of space each program occupies. Space occupied by administrative staff is allocated based upon the allocation of the administrative staff's time.

Insurance – Insurance is allocated to benefiting programs depending on the equipment, space or people covered by the insurance.

Other Joint Costs – Other joint costs (telephone, copy use, computer usage, etc.) are charged to agency programs based on the amounts used by each program.



**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND 2011**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**FUNDING CONCENTRATION**

COTRAIC receives a majority of its funding through the U.S. Department of Health and Human Services in connection with the operation of its Head Start and Early Head Start programs. In addition, COTRAIC receives significant funding from the U.S. Department of Labor under the Workforce Investment Act. These relationships create an economic funding dependence that could impact COTRAIC operations on an annual basis.

**INCOME TAXES**

Council of Three Rivers American Indian Center, Inc. is a not for profit organization exempt from federal income taxes as determined under Section 501(c)3 of the Internal Revenue Code (IRC). Income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. Council of Three Rivers American Indian Center, Inc. has been classified as an Organization that is not a private foundation under (IRC) Section 509(a).

**NOTE 3 - CASH DEPOSITS**

The bank balances and carrying values of Council of Three Rivers American Indian Center, Inc. cash and cash equivalents at June 30, 2012 is as follows:

<u>Bank</u>	<u>Carrying Balance</u>	<u>Bank Balance</u>
PNC/First Niagara Banks	<u>\$ 365,515</u>	<u>\$ 444,459</u>

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks, and petty cash. All funds in a 'noninterest-bearing transaction account' are insured in full by the Federal Deposit Insurance Corporation (FDIC) from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules.

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND 2011**

**NOTE 3 - CASH DEPOSITS (Continued)**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, COTRAIC deposits may not be returned to it. As of June 30, 2012 and 2011, COTRAIC's bank balance total is not exposed to custodial credit risk as this amount is fully insured under the Federal Deposit Insurance Corporation (FDIC) coverage threshold.

**NOTE 4 – GRANTS RECEIVABLE**

'Grants Receivable' on the Statement of Net Assets (Exhibit A) is comprised of the following at June 30, 2012 and 2011:

	<u>6/30/2012</u>	<u>6/30/2011</u>
USDA CCFP	\$ 54,727	\$ 14,704
Head Start Supplemental	22,361	29,423
WIA	34,987	38,411
Commonwealth Pre-K Program	53,243	52,191
Allegheny County (Elders)	3,337	3,336
	<u>\$ 168,655</u>	<u>\$ 138,065</u>

**NOTE 5 – OTHER ACCOUNTS RECEIVABLE**

'Other Accounts Receivable' of \$319 and \$1,650 on the Statement of Net Assets (Exhibit A) represents 1) program service fees due the Center Account for the sale of merchandise and advertising as of June 30, 2012, and 2) adoption service fees due the COTRAIC 'Swan Program' as of June 30, 2011.

**NOTE 6 – DEFERRED REVENUE**

Deferred revenue of \$878 and \$30,283 for the years ended June 30, 2012 and 2011 respectively on the Statement of Net Assets (Exhibit A) represents the unearned grant funds for the Head Start/Early Head Start Program.

**NOTE 7 - INTERPROGRAM TRANSACTIONS**

During the course of normal operations, COTRAIC has numerous transactions between programs including expenditures and transfers of resources primarily to provide services. The financial statements generally reflect such transactions as transfers. The Council uses the Center Fund to pay for certain costs that pertain to the various programs. The individual programs reflect these certain transfers according to the purpose of the expenditure. These amounts are reflected in Schedules 1 and 2 to the financial statements.



**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND 2011**

**NOTE 7 - INTERPROGRAM TRANSACTIONS (Continued)**

A schedule of all cash transfers between programs for the 2011-2012 year is as follows:

<u>Program</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Head Start Supplemental Center	\$ - 50,000	\$ 50,000 -
	<u>\$ 50,000</u>	<u>\$ 50,000</u>

**NOTE 8 - LEASE OBLIGATIONS**

Council of Three Rivers American Indian Center, Inc. has entered into various lease agreements for program operating space, the terms and amounts of which are as follows:

<u>Lessor</u>	<u>Monthly Rent</u>	<u>Current Lease Term</u>	<u>Lease Term</u>
Marc Anthony Mgt Company	\$ 3,765.00	12/1/11-11/30/12	5 Years
Diocese of Pittsburgh	1,250.00	11/1/07-10/31/12	5 Years
Diocese of Pittsburgh	3,423.67	12/1/10-11/30/13	3 Years
Diocese of Pittsburgh	2,150.00	12/1/11-11/30/12	1 Year
Brashear Association	500.00	8/1/2011-7/31/2012	1 Year

Each lease agreement specifies certain criteria for penalty and additional liability upon non-performance by both parties. During the fiscal year 2011-2012, rent expense paid by COTRAIC to the above referenced organizations totaled \$131,158. Total rent expense paid by COTRAIC for the 2011-2012 year, as reflected in Schedule 2, totaled \$154,211.

**NOTE 9 - PENSION PLAN - 403(B) PROGRAM**

All full time and part time administrative and management staff who work over 1,000 hours are eligible to participate in the retirement system, commencing upon the first full year of employment with COTRAIC. The amount of the "employee" portion of Social Security paid to the Social Security Administration shall be paid by COTRAIC to a 403 (b) plan. This plan is feasible for all programs within COTRAIC; however, it is limited to those programs that are able to secure adequate funding to finance its operation. In the event the program is unable to continue such a plan, a thirty (30) day notice will be given to all affected employees.

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND 2011**

**NOTE 9 - PENSION PLAN - 403(B) PROGRAM (Continued)**

All contributions to the 403(b) Program in respect to each participant shall be invested in life insurance company contracts on the life of the participant or in mutual fund shares held in custody for the participant. During the 2011-2012 year, employee and employer contributions totaled \$11,934 and \$249,933 respectively. During the 2010-2011 year, employee and employer contributions totaled \$11,687 and \$245,434 respectively.

Each participant shall specify in the amendment to his or her employment agreement the manner in which the contribution made by the Employer on his behalf are to be invested.

**NOTE 10 – CONTINGENT LIABILITIES AND COMMITMENTS**

The Council has various grant agreements which require compliance with regulations, policies and procedures prescribed by the various governmental agencies. The final determination as to whether the cost incurred under the grant agreements are allowable will be made by the various grantors or sponsoring agencies. Management is unaware of any program costs which may be deemed ineligible and disallowed by these governmental agencies.

**NOTE 11 - DONATED PROPERTY**

An agreement entered into thirty years ago with the U.S. Department of Education had a thirty (30) year period of restrictions when the property was conveyed to the Council of Three Rivers American Indian Center, Inc. at a substantial public benefit allowance discount. Now that the restrictions have been satisfactorily completed, management has reflected this value of the property in the accompanying financial statements. The value recorded was the value assessed by Allegheny County as follows:

	<b><u>Amount</u></b>
Land	\$ 306,200
Building	459,800
	<b><u>\$ 766,000</u></b>

**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

The prior period adjustments of <\$7,563> and \$9,421 to the July 1, 2011 and July 1, 2010 net assets respectively of the Council of Three Rivers American Indian Center, Inc. represent adjustments for the calculation of prior period balance sheet asset and liability account balances.



**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012 AND 2011**

**NOTE 13 – RISK MANAGEMENT**

Council of Three Rivers American Indian Center, Inc. is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 14– SUBSEQUENT EVENTS**

Management has determined that there are no events subsequent to June 30, 2012 through the date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

***SUPPLEMENTAL  
SCHEDULES***

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**COMBINING STATEMENT OF FINANCIAL POSITION - ALL PROGRAMS**  
**JUNE 30, 2012**

	HEAD START PROGRAM	HEAD START STATE SUPPLEMENTAL ASSISTANCE PROGRAM	WIA PROGRAM	PRE-K PROGRAM	DOLLARS AND SENSE PROGRAM
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 740	\$ 68,507	\$ 221	\$ 36,608	\$ 53,965
Grants Receivable	54,727	22,361	34,987	53,243	-
Other Receivables	-	-	-	-	-
Due From Other Programs	116,234	-	-	-	-
Fixed Assets	68,617	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 240,318</b>	<b>\$ 90,868</b>	<b>\$ 35,208</b>	<b>\$ 89,851</b>	<b>\$ 53,965</b>

**LIABILITIES AND NET ASSETS:**

<b>LIABILITIES:</b>					
Accounts Payable/Accrued Expenses	\$ 129,208	\$ 12,231	\$ 35,208	\$ 65,303	\$ -
Payroll Withholding	-	-	-	-	-
Due to Other Programs	41,615	-	-	24,548	-
Deferred Revenue	878	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 171,701</b>	<b>\$ 12,231</b>	<b>\$ 35,208</b>	<b>\$ 89,851</b>	<b>\$ -</b>
<b>NET ASSETS:</b>					
Unrestricted	\$ -	\$ 78,637	\$ -	\$ -	\$ -
Temporarily Restricted	-	-	-	-	53,965
Permanently Restricted	-	-	-	-	-
Investment in Fixed Assets	68,617	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>\$ 68,617</b>	<b>\$ 78,637</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,965</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 240,318</b>	<b>\$ 90,868</b>	<b>\$ 35,208</b>	<b>\$ 89,851</b>	<b>\$ 53,965</b>

The accompanying notes are an integral part of these financial statements

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**COMBINING STATEMENT OF FINANCIAL POSITION - ALL PROGRAMS**  
**JUNE 30, 2012**

**ASSETS:**

	ELDERS PROGRAM	SWAN PROGRAM	CHILD DEVELOPMENT PROGRAM	CENTER PROGRAM	TOTAL
Cash and Cash Equivalents	\$ 4,335	\$ 1,453	\$ 75,943	\$ 123,743	\$ 365,515
Grants Receivable	3,337	-	-	-	168,655
Other Receivables	-	-	-	319	319
Due From Other Programs	-	-	-	66,163	182,397
Fixed Assets	-	-	-	766,000	834,617
<b>TOTAL ASSETS</b>	<b>\$ 7,672</b>	<b>\$ 1,453</b>	<b>\$ 75,943</b>	<b>\$ 956,225</b>	<b>\$ 1,551,503</b>

**LIABILITIES AND NET ASSETS:**

**LIABILITIES:**

Accounts Payable/Accrued Expenses	\$ 3,952	\$ 1,049	\$ -	\$ -	\$ 246,951
Payroll Withholding	-	-	-	766	766
Due to Other Programs	-	-	-	116,234	182,397
Deferred Revenue	-	-	-	-	878
<b>TOTAL LIABILITIES</b>	<b>\$ 3,952</b>	<b>\$ 1,049</b>	<b>\$ -</b>	<b>\$ 117,000</b>	<b>\$ 430,992</b>

**NET ASSETS:**

Unrestricted	\$ 3,720	\$ 404	\$ 75,943	\$ 73,225	\$ 231,929
Temporarily Restricted	-	-	-	-	53,965
Permanently Restricted	-	-	-	-	-
Investment in Fixed Assets	-	-	-	766,000	834,617
<b>TOTAL NET ASSETS</b>	<b>\$ 3,720</b>	<b>\$ 404</b>	<b>\$ 75,943</b>	<b>\$ 839,225</b>	<b>\$ 1,120,511</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,672</b>	<b>\$ 1,453</b>	<b>\$ 75,943</b>	<b>\$ 956,225</b>	<b>\$ 1,551,503</b>

The accompanying notes are an integral part of these financial statements



COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.  
 COMBINING STATEMENT OF ACTIVITIES - ALL PROGRAMS  
 FOR THE YEAR ENDED JUNE 30, 2012

	HEAD START PROGRAM	HEAD START SUPPLEMENTAL ASSISTANCE PROGRAM	WIA PROGRAM	PRE-K PROGRAM	DOLLARS AND SENSE PROGRAM
<b>REVENUES:</b>					
Grants	\$ 5,917,016	\$ 282,456	\$ 848,014	\$ 638,900	\$ -
Contributions In-Kind	1,369,589	-	-	-	-
Other Contributions	-	25,000	-	-	56,000
Program Service Fees	-	12,489	-	-	-
Sale of Assets	-	-	-	-	-
Interest Income	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 7,286,605</b>	<b>\$ 319,945</b>	<b>\$ 848,014</b>	<b>\$ 638,900</b>	<b>\$ 56,000</b>
<b>EXPENDITURES:</b>					
<b>PROGRAM:</b>					
Personnel and Fringe Benefits	\$ 3,838,889	\$ 228,768	\$ 507,391	\$ 385,463	\$ -
Program Expense - Head Start	-	-	-	-	-
Program Supplies/Postage	111,007	6,702	18,927	-	35
Program Services	15,442	42,195	138,576	39,720	-
Advertising/Copying	20,228	-	283	3,149	-
Equipment Maintenance/Rental/Repairs	55,024	-	-	3,090	-
Insurance	22,401	-	1,715	2,476	-
Contracts/Consultants	365,670	-	-	105,605	-
Rent	121,034	-	22,577	10,600	-
Training and Technical Assistance	65,298	413	2,280	8,660	-
Travel and Transportation	155,173	7,060	47,596	2,520	-
Utilities & Telephone	161,707	17,340	15,473	16,898	-
Food/USDA Expenses	500,943	-	-	9,418	800
Miscellaneous	-	-	60	-	1,200
Contributions In-Kind	1,369,589	-	-	-	-
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 6,802,405</b>	<b>\$ 302,478</b>	<b>\$ 764,878</b>	<b>\$ 587,599</b>	<b>\$ 2,035</b>
<b>MANAGEMENT AND GENERAL:</b>					
Personnel and Fringe Benefits	\$ 439,071	\$ 31,638	\$ 89,546	\$ 50,008	\$ -
Supplies/Postage	6,205	-	-	-	-
Advertising/Copying	3,705	-	-	-	-
Equipment Maintenance and Repairs	7,238	-	729	-	-
Insurance	2,919	-	1,175	-	-
Training and Technical Assistance	2,873	-	-	-	-
Travel and Transportation	7,608	-	-	-	-
Utilities and Telephone	14,108	767	1,605	1,034	-
Accounting/Legal	96	-	81	259	-
Miscellaneous	-	-	-	-	-
<b>TOTAL MANAGEMENT EXPENDITURES</b>	<b>\$ 484,200</b>	<b>\$ 32,405</b>	<b>\$ 93,136</b>	<b>\$ 51,301</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,286,605</b>	<b>\$ 334,883</b>	<b>\$ 848,014</b>	<b>\$ 638,900</b>	<b>\$ 2,035</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ (14,938)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,965</b>
Interfund Transfers In (Out)	-	(50,000)	-	-	-
<b>NET ASSETS - JULY 1, 2011</b>	<b>68,617</b>	<b>102,762</b>	<b>-</b>	<b>-</b>	<b>-</b>
Prior Period Adjustment	-	40,813	-	-	-
<b>NET ASSETS - JUNE 30, 2012</b>	<b>\$ 68,617</b>	<b>\$ 78,637</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,965</b>

The accompanying notes are an integral part of these financial statements  
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COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.  
 COMBINING STATEMENT OF ACTIVITIES - ALL PROGRAMS  
 FOR THE YEAR ENDED JUNE 30, 2012

	ELDERS PROGRAM	SWAN PROGRAM	CHILD DEVELOPMENT PROGRAM	CENTER PROGRAM	TOTAL
<b>REVENUES:</b>					
Grants	\$ 40,025	\$ -	\$ -	\$ -	\$ 7,726,411
Contributions In-Kind	-	-	-	-	1,369,589
Other Contributions	650	-	-	444	82,094
Program Service Fees	1,400	73,126	-	45,447	132,462
Sale of Assets	-	-	-	68,678	68,678
Interest Income	-	-	26	-	26
<b>TOTAL REVENUES</b>	<b>\$ 42,075</b>	<b>\$ 73,126</b>	<b>\$ 26</b>	<b>\$ 114,569</b>	<b>\$ 9,379,260</b>
<b>EXPENDITURES:</b>					
<b>PROGRAM:</b>					
Personnel and Fringe Benefits	\$ 28,299	\$ 63,115	\$ -	\$ -	\$ 5,051,925
Program Expense - Head Start	-	-	-	116,234	116,234
Program Supplies/Postage	462	560	-	-	137,693
Program Services	1,214	-	-	10,730	247,877
Advertising/Copying	140	137	-	-	23,937
Equipment Maintenance/Rental/Repairs	-	-	-	-	58,114
Insurance	284	435	-	-	27,311
Contracts/Consultants	-	13,253	-	-	484,528
Rent	-	-	-	-	154,211
Training and Technical Assistance	38	852	-	-	77,541
Travel and Transportation	2,489	1,203	-	-	216,041
Utilities and Telephone	1,013	987	-	-	213,428
Food/USDA Expenses	-	-	-	-	511,161
Miscellaneous	-	-	-	-	1,260
Contributions In-Kind	-	-	-	-	1,369,589
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 33,939</b>	<b>\$ 80,562</b>	<b>\$ -</b>	<b>\$ 126,964</b>	<b>\$ 8,690,850</b>
<b>MANAGEMENT AND GENERAL:</b>					
Personnel and Fringe Benefits	\$ 11,856	\$ 9,592	\$ -	\$ 13,862	\$ 645,573
Supplies/Postage	-	-	-	1,796	8,001
Advertising/Copying	-	-	-	159	3,864
Equipment Maintenance and Repairs	-	-	-	-	377
Insurance	-	-	-	-	-
Training and Technical Assistance	-	-	-	1,883	9,850
Travel and Transportation	-	-	-	1,038	5,132
Utilities and Telephone	-	-	-	389	3,262
Accounting/Legal	511	515	-	1,283	8,891
Miscellaneous	65	445	56	1,123	19,663
<b>TOTAL MANAGEMENT EXPENDITURES</b>	<b>\$ 12,432</b>	<b>\$ 10,552</b>	<b>\$ 56</b>	<b>\$ 21,813</b>	<b>\$ 705,895</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 46,371</b>	<b>\$ 91,104</b>	<b>\$ 56</b>	<b>\$ 148,777</b>	<b>\$ 9,396,745</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (4,296)</b>	<b>\$ (17,978)</b>	<b>\$ (30)</b>	<b>\$ (34,208)</b>	<b>\$ (17,485)</b>
Interfund Transfers In (Out)	-	-	-	50,000	-
<b>NET ASSETS - JULY 1, 2011</b>	<b>8,011</b>	<b>2,300</b>	<b>75,973</b>	<b>887,896</b>	<b>1,145,559</b>
Prior Period Adjustment	5	16,082	-	(64,463)	(7,563)
<b>NET ASSETS - JUNE 30, 2012</b>	<b>\$ 3,720</b>	<b>\$ 404</b>	<b>\$ 75,943</b>	<b>\$ 839,225</b>	<b>\$ 1,120,511</b>

The accompanying notes are an integral part of these financial statements

**COUNCIL OF THREE RIVERS  
AMERICAN INDIAN  
CENTER, INC.**

***SUPPLEMENTAL INFORMATION***

***AS REQUIRED BY  
OFFICE OF MANAGEMENT AND BUDGET  
(OMB) CIRCULAR A-133***

***Mark C. Turnley***

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Certified Public Accountant



**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**

**To the Board of Directors  
The Council of Three Rivers American Indian Center, Inc.**

I have audited the financial statements of the Council of Three Rivers American Indian Center, Inc. as of and for the year ended June 30, 2012, and have issued my report thereon dated March 27, 2013. In my report, my opinion was qualified because the cost of long-lived assets is expensed, rather than capitalized, in the year of acquisition to match annual grant allotments. I conducted my 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**

Management of the Council of Three Rivers American Indian Center, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Council of Three Rivers American Indian Center, Inc.'s internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council of Three Rivers American Indian Center, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Council of Three Rivers American Indian Center, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council of Three Rivers American Indian Center, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis.

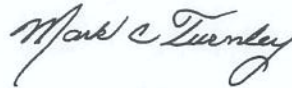
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.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

To the Board of Directors  
The Council of Three Rivers American Indian Center, Inc.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Council of Three Rivers American Indian Center, Inc.'s financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Mark C. Turnley  
Certified Public Accountant

March 27, 2013  
Ambridge, Pennsylvania



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

To the Board of Directors  
The Council of Three Rivers American Indian Center, Inc.

**COMPLIANCE**

I have audited Council of Three Rivers American Indian Center, Inc.'s compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Council of Three Rivers American Indian Center, Inc.'s major federal programs for the year ended June 30, 2012. The Council of Three Rivers American Indian Center, Inc.'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 requirement of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council of Three Rivers American Indian Center, Inc.'s management. My responsibility is to express an opinion on Council of Three Rivers American Indian Center, Inc.'s compliance based on my audit.

I conducted my 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 I 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 Council of Three Rivers American Indian Center, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on compliance with those requirements.

In my opinion, Council of Three Rivers American Indian Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**INTERNAL CONTROL OVER COMPLIANCE**

Management of Council of Three Rivers American Indian Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Council of Three Rivers American Indian Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Council of Three Rivers American Indian Center, Inc.'s internal control over compliance.

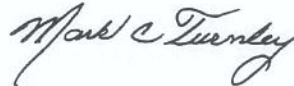


**To the Board of Directors  
The Council of Three Rivers American Indian Center, Inc.**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The purpose of this report is solely to describe the scope of my testing of compliance with the types of compliance requirements applicable to each of the Council of Three Rivers American Indian Center, Inc.'s major programs and my testing of internal control over compliance and the results of my testing, and to provide an opinion on the Council of Three Rivers American Indian Center, Inc.'s compliance but not to provide an opinion on the effectiveness of the Council of Three Rivers American Indian Center, Inc.'s internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Council of Three Rivers American Indian Center, Inc.'s compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



Mark C. Turnley  
Certified Public Accountant

March 27, 2013  
Ambridge, Pennsylvania

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR/ PROJECT TITLE	CFDA NUMBER	PASS THROUGH GRANT NUMBER	GRANT PERIOD	PROGRAM AWARD AMOUNT	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>					
HEAD START/EARLY HEAD START	(1) 93.600	03CH0157/28	12/1/11-11/30/12	\$ 5,331,187	\$ 3,316,971
HEAD START/EARLY HEAD START	(1) 93.600	03CH0157/27	12/1/10-11/30/11	5,293,478	2,207,868
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					<b>\$ 5,524,839</b>
<b>U.S. DEPARTMENT OF LABOR:</b>					
Workforce Investment Act (WIA)	17.265	AB216971155A42	7/1/11-6/30/12	\$ 897,026	\$ 821,523
Workforce Investment Act (WIA)	17.265	AB172640855A42	7/1/10-6/30/11	898,825	26,491
<b>TOTAL DEPARTMENT OF LABOR</b>					<b>\$ 848,014</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>					
Passed through Pa. Department of Education:					
Child Care Food Program	10.558	300-02-189-0	7/1/11-6/30/12	N/A	\$ 392,177
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>					<b>\$ 392,177</b>
<b>TOTAL FEDERAL AWARDS</b>					<b>\$ 6,765,030</b>

(1) Denotes major program

The accompanying notes are an integral part of these financial statements

**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 - FEDERAL AWARD PROGRAMS**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Council of Three Rivers American Indian Center, Inc.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the accrual method of accounting. Under this method, grant revenue is recognized to the extent expenditures are incurred. Expenditures are recognized when the liability for the expenditure is incurred rather than when the disbursement is actually made.

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal award revenues are included in the financial statements as part of grants in Exhibit B and are detailed by funding source in Schedule 2.



**COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**A. SUMMARY OF AUDIT RESULTS**

1. The audit report expresses a qualified opinion on the financial statements of Council of Three Rivers American Indian Center, Inc.
2. The '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' contained no control (significant) deficiencies or material weaknesses.
3. No instances of noncompliance material to the financial statements of Council of Three Rivers American Indian Center, Inc. were disclosed during the audit.
4. No control deficiencies relating to the audit of the major federal award programs are reported in the 'Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133'.
5. The auditor's report on compliance for the major federal award programs for Council of Three Rivers American Indian Center, Inc. expresses an unqualified opinion.
6. The program tested as a major program includes:
  - U.S. Department of Health and Human Services**
  - **Head Start – CFDA #93.600**
7. The Threshold for distinguishing Types A and B programs was \$300,000.
8. Council of Three Rivers American Indian Center, Inc. was not considered to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

COUNCIL OF THREE RIVERS AMERICAN INDIAN CENTER, INC.  
STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

The audit report of Council of Three Rivers American Indian Center, Inc. for the year ended June 30, 2011, dated March 29, 2012, contained no audit findings.

