



Access Alaska, Inc.

Financial Statements, Supplementary
Information, and Single Audit Reports
Years Ended June 30, 2014 and 2013

Access Alaska, Inc.

Financial Statements, Supplementary Information,
and Single Audit Reports
Years Ended June 30, 2014 and 2013

Access Alaska, Inc.

Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to Financial Statements	8-16
Supplementary Information	
Schedule of Program Expenses	18-19
Schedule of Expenditures of Federal Awards	20
Schedule of State Financial Assistance	21
Schedule of Expenses - Budget and Actual - Department of Health and Social Services:	
Home Accessibility 2014	22
Home Accessibility 2012	23
Home Accessibility 2011	24
Community Development Disability Program	25
Acquired and Traumatic Brain Injury Case Management	26
Comprehensive Behavioral Health Treatment	27

Access Alaska, Inc.

Contents

	Page
Single Audit Section	
Independent Auditor's 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>	30-31
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	32-33
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required By the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	34-35
Schedule of Findings and Questioned Costs	36-37
Summary Schedule of Prior Audit Findings	38
Corrective Action Plan	39



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Board of Directors
Access Alaska, Inc.
Anchorage, Alaska

We have audited the accompanying financial statements of Access Alaska, Inc. (the Entity), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Access Alaska, Inc., as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, including the Schedule of Program Expenses, Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance and Schedule of Expenses - State of Alaska, Department of Health and Social Service Programs - Budget to Actual is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Federal Awards and Schedule of State Financial Assistance, as required by OMB A-133 and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively, is presented for purposes of additional analysis and is also not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015 on our consideration of Access Alaska, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Access Alaska, Inc.'s internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
March 30, 2015

Financial Statements

Access Alaska, Inc.
Statements of Financial Position

<i>June 30,</i>	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 53,089	\$ 57,709
Temporarily restricted cash and cash equivalents	2,847	5,660
Accounts receivable	56,695	45,572
Medicaid receivable	1,225,290	678,728
Workers comp receivable	-	47,005
Due from granting agencies	177,747	173,583
Prepaid expenses and deposits	29,968	49,647
Total Current Assets	1,545,636	1,057,904
Noncurrent Assets		
Investments	2,325,874	2,010,884
Property and equipment, net	4,147,209	4,270,438
Total Noncurrent Assets	6,473,083	6,281,322
Total Assets	\$ 8,018,719	\$ 7,339,226
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 29,242	\$ 256,643
Line of credit	75,000	-
Note payable - current portion	49,262	48,292
Accrued payroll and related taxes	652,574	652,917
Deferred revenue	1,173,371	43,177
Total Current Liabilities	1,979,449	1,001,029
Note payable - net of current portion	402,446	451,708
Total Liabilities	2,381,895	1,452,737
Net Assets		
Unrestricted:		
Invested in property and equipment, net of related debt	3,695,501	3,770,438
Undesignated	1,819,660	1,991,575
Temporarily restricted	2,847	5,660
Permanently restricted	118,816	118,816
Total Net Assets	5,636,824	5,886,489
Total Liabilities and Net Assets	\$ 8,018,719	\$ 7,339,226

See accompanying notes to financial statements.

Access Alaska, Inc.
Statements of Activities

<i>Years Ended June 30,</i>	2014	2013
Changes in Unrestricted Net Assets from Operating Activities		
Public support (see note 7):		
Individuals	\$ 62,268	\$ 40,985
Foundations	79,987	107,775
Corporations	9,514	-
Government	2,514,676	2,506,803
Total public support	2,666,445	2,655,563
Revenue - fees for services	8,448,291	9,322,123
Total support and revenue	11,114,736	11,977,686
Expenses:		
Personnel	3,475,312	3,367,146
Consumer services	6,917,706	7,807,165
Marketing and advertising	24,929	28,461
Program administrative	367,292	345,968
Administrative	106,786	121,907
Occupancy	542,370	629,615
Depreciation	212,256	212,257
Total expense	11,646,651	12,512,519
Changes in Unrestricted Net Assets from Operating Activities	(531,915)	(534,833)
Changes in Unrestricted Net Assets from Nonoperating Activities		
Capital contributions	-	4,050,000
Investment income	285,063	211,569
Change in Unrestricted Net Assets from Nonoperating Activities	285,063	4,261,569
Changes in unrestricted net assets	(246,852)	3,726,736
Changes in temporarily restricted net assets	(2,813)	(2,479)
Changes in Permanently Restricted Net Assets		
Endowment gift received	-	118,816
Change in net assets	(249,665)	3,843,073
Net Assets, beginning of year	5,886,489	2,043,416
Net Assets, end of year	\$ 5,636,824	\$ 5,886,489

See accompanying notes to financial statements.

Access Alaska, Inc.
Statements of Cash Flows

<i>Years Ended June 30,</i>	2014	2013
Cash Flows from Operating Activities		
Change in net assets	\$ (249,665)	\$ 3,843,073
Adjustments to reconcile change in net assets to net cash from (for) operating activities:		
Proceeds from capital grants	-	(4,050,000)
Depreciation	212,256	212,257
Realized\unrealized gain on investments, net	(285,063)	(211,569)
Changes in operating assets and liabilities:		
Accounts receivable	(11,123)	15,818
Medicaid receivable	(546,562)	36,496
Workers comp receivable	47,005	(34,876)
Due from granting agencies	(4,164)	(31,877)
Prepaid expenses and deposits	19,679	(18,913)
Accounts payable	(227,401)	116,123
Accrued payroll and related taxes	(343)	71,103
Deferred revenue	1,130,194	12,377
Net cash from (for) by operating activities	84,813	(39,988)
Cash Flows from Investing Activities		
Purchase of property and equipment	(89,027)	(4,160,020)
Purchase of investments	(29,927)	(148,549)
Net cash for by investing activities	(118,954)	(4,308,569)
Cash Flows from Financing Activities		
Proceeds from capital grants	-	4,050,000
Proceeds from issuance of note payable	-	500,000
Principal payments on note payable	(48,292)	-
Borrowings (payments) on line of credit	75,000	(195,000)
Net cash from financing activities	26,708	4,355,000
Net increase (decrease) in cash and cash equivalents	(7,433)	6,443
Cash and Cash Equivalents, beginning of year	63,369	56,926
Cash and Cash Equivalents, end of year	\$ 55,936	\$ 63,369
Supplementary Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 53,089	\$ 57,709
Temporarily restricted cash and cash equivalents	2,847	5,660
Total Cash and Cash Equivalents	\$ 55,936	\$ 63,369

See accompanying notes to financial statements.

Access Alaska, Inc.
Statements of Functional Expenses

<i>Years Ended June 30,</i>	2014			2013		
	Program	Management and General	Total	Program	Management and General	Total
Personnel services	\$ 2,410,633	\$ 1,064,679	\$ 3,475,312	\$ 2,466,422	\$ 900,724	\$ 3,367,146
Occupancy	397,285	145,085	542,370	461,194	168,421	629,615
Consumer services	6,917,706	-	6,917,706	7,807,165	-	7,807,165
Administrative	367,292	106,786	474,078	345,968	121,907	467,875
Marketing and advertising	24,929	-	24,929	28,461	-	28,461
Expenses before depreciation	10,117,845	1,316,550	11,434,395	11,109,210	1,191,052	12,300,262
Depreciation	155,477	56,779	212,256	155,478	56,779	212,257
Total Expenses	\$ 10,273,322	\$ 1,373,329	\$ 11,646,651	\$ 11,264,688	\$ 1,247,831	\$ 12,512,519

See accompanying notes to the financial statements.

Access Alaska, Inc.

Notes to Financial Statements June 30, 2014

1. Summary of Significant Accounting Policies

Organization

Access Alaska, Inc., based in Anchorage and Fairbanks, Alaska, is a nonprofit corporation organized to serve disabled individuals. Access Alaska, Inc. was formed on February 1, 1983 as a result of a merger of Independent Options Now, Inc. and Independent Quality Living Center, Inc., two nonprofit organizations which had previously been operated to perform similar services.

Basis of Accounting

The financial statements of Access Alaska, Inc. have been prepared on the accrual basis of accounting and reflect all significant receivables, payables and other liabilities. Accordingly revenues are recognized when earned and expenses are recognized when incurred. The financial statements and notes are the representations of Access Alaska, Inc.'s management, which is responsible for their integrity and objectivity. These accounting principles conform to accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958-205, *Not-For-Profit Entities - Presentation of Financial Statements*. Under ASC Topic 958-250, the Corporation 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.

Program Activities

Access Alaska, Inc.'s programs promote a society in which persons with disabilities can live and work in the community of their choice. As a community-based independent living provider, Access Alaska, Inc. addresses independent living needs of individuals with disabilities by providing a broad range of independent living services.

Program objectives underscore the intent of Title VII of the Rehabilitation Act Amendments of 1992 by promoting consumer control and the full inclusion of individuals with disabilities in all aspects of community life. Access Alaska, Inc.'s program objectives follow the State Plan for Independent Living (SPIL) as established by the Alaska State Independent Living Council (SILC). The relative importance of each of these issues varies by region of the state. The issues are housing, transportation, services for persons with sensory disabilities, personal assistance services, employment, recreation, and public awareness.

Expense Allocation

In day-to-day operations, expenses were charged to programs as either identifiable direct program costs or as systematic allocations of overhead costs. The remaining expenses not allocated as overhead and not incurred for a specific program were considered management and general expenses, indirectly providing for the overall support and direction of the organization. This treatment is due to the fact that Access Alaska, Inc. has not obtained a federally-approved indirect cost rate for allocating management and general expenses to its programs.

Access Alaska, Inc.

Notes to Financial Statements

Cash and Cash Equivalents

For purposes of the statement of cash flows, Access Alaska, Inc. considers the balances in all checking and business investment (sweep) accounts to be cash and cash equivalents.

Income Tax Status

Access Alaska, Inc. is exempt from income taxes as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and applicable income tax regulations of the State of Alaska, except for net income from unrelated business, of which Access Alaska, Inc. has none. Access Alaska, Inc. applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. Access Alaska, Inc. annually reviews its tax positions taken in accordance with the recognition standards. Access Alaska, Inc. believes that it has no uncertain tax positions which would require disclosure or adjustment in these financial statements.

Property and Equipment

Property and equipment, which consists primarily of office equipment and a building, are carried at cost. Items with an original cost of \$5,000 or more are generally capitalized and depreciated rather than expensed in the year of purchase. Capitalization is dependent upon whether or not the asset has future utility to, and ownership is in fact retained by, Access Alaska, Inc. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Access Alaska, Inc. is subject to federal requirements which stipulate that title to equipment purchased with federal funds vests in the recipient subject to certain restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues in the period in which the promise is made, and as assets, decreases in liabilities, or expenses depending upon the form of the benefits to be received.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Revenue Recognition

Unrestricted contributions are recognized as revenue when received. Federal and state grant funds, the receipt of which is contingent upon meeting specified conditions, are recognized as revenue to the extent that the conditions upon which they depend are substantially met. Any such funds received but unexpended as of the balance sheet date are reported as deferred revenue.

Access Alaska, Inc. has elected to report support, including amounts received for the purchase of long-lived assets, which is restricted by the donor as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received.

Access Alaska, Inc.

Notes to Financial Statements

Donor Imposed Restrictions

Access Alaska, Inc. received certain contributions from the public and from private organizations. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Comparability

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation. These reclassifications did not affect net assets.

Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosure*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Included in investment related line items in the financial statements are certain financial instruments carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, that is, other than in a forced liquidation or distress sale.

Access Alaska, Inc.'s financial assets carried at fair value have been classified based on a hierarchy defined by ASC 820. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- *Level 1* - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* - Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- *Level 3* - Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Access Alaska, Inc.

Notes to Financial Statements

Fair values are measured using the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Subsequent Events

Access Alaska, Inc. has evaluated subsequent events through March 30, 2015, the date on which the financial statements were available to be issued.

2. Cash and Cash Equivalents

Included in cash and cash equivalents are several accounts held with financial institutions and petty cash. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2014 and 2013, Access Alaska, Inc. had no uninsured deposits.

3. Investments

In accordance with *Accounting Standards Codification* (ASC) 820, Access Alaska, Inc. has categorized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. This hierarchy gives the highest priority to quoted prices, or observable inputs, in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3). Investments are categorized based on inputs to the valuation technique as follows for the years ended June 30, 2014 and 2013.

<i>June 30, 2014</i>	Level 1	Level 2	Level 3	Total
Common stock	\$ 1,046	\$ -	\$ -	\$ 1,046
Money market	185,922	-	-	185,922
Mutual funds	2,138,906	-	-	2,138,906
	\$ 2,325,874	\$ -	\$ -	\$ 2,235,874

<i>June 30, 2013</i>	Level 1	Level 2	Level 3	Total
Money market	\$ 123,603	\$ -	\$ -	\$ 123,603
Mutual funds	1,887,281	-	-	1,887,281
	\$ 2,010,884	\$ -	\$ -	\$ 2,010,884

Access Alaska, Inc.

Notes to Financial Statements

Investment income consists of the following as of June 30:

<i>June 30,</i>	2014	2013
Net unrealized gain on securities	\$ 201,197	\$ 173,727
Interest and dividends income	44,164	30,184
Net realized gain on securities	51,119	17,435
Fees	(11,417)	(9,777)
	\$ 285,063	\$ 211,569

4. Property and Equipment

The following is a summary of major classifications of property and equipment at June 30:

	2014	2013
Building	\$ 3,936,252	\$ 3,816,490
Leasehold improvements	784,810	784,810
Office furniture and equipment	539,575	539,575
Vehicles	23,978	23,978
Construction in process - building	-	30,730
	5,284,615	5,195,583
Less - accumulated depreciation	(1,137,406)	(925,145)
Total	\$ 4,147,209	\$ 4,270,438

5. Line of Credit

Access Alaska, Inc. has a line of credit with First National Bank of Alaska. Interest is variable, calculated on an index of the prime rate (3.25% per annum at June 30, 2014). Secured by a Trust Account with a fair value of \$1,891,394 held with First National Bank of Alaska in the name of Access Alaska, Inc. The total available under this line of credit is \$500,000. At June 30, 2014 and 2013, Access Alaska, Inc. had an outstanding balance of \$75,000 and \$0, respectively.

6. Deferred Revenue

Amounts received from grantors which had not been expended as of fiscal years ended June 30, 2014 and 2013 were as follows:

	2014	2013
State of Alaska Department of Health and Social Services	\$ 1,131,586	\$ -
Mat-Su Health Foundation	12,500	-
Matanuska Electric Association Charitable Foundation	10,000	-
PCA Providers Association	9,454	15,354
Alaska Mental Health Trust Authority	8,759	-
Statewide Independent Living Council	1,072	17,823
AK DHSS Preparedness Videos	-	10,000
Total	\$ 1,173,371	\$ 43,177

Access Alaska, Inc.

Notes to Financial Statements

7. Note Payable

	2014	2013
Note payable to a foundation, principal and interest at 2.00%, due in semiannual payments of \$29,026, unsecured, matures September 1, 2022	\$ 451,708	\$ 500,000
Less current portion	49,262	48,292
Note Payable, net of current portion	\$ 402,446	\$ 451,708

Scheduled principal payments on note payable are as follows:

2015		\$ 49,262
2016		50,253
2017		51,263
2018		52,294
2019		53,344
Thereafter		195,292
		\$ 451,708

8. Unrestricted and Temporarily Restricted Gifts, Grants and Support

Gifts, grants and support were provided to Access Alaska, Inc. for operations in fiscal year 2014 as follows:

Permanently Restricted Gifts, Grants and Support				
<i>Type of Donor</i>	Balance at 6/30/2013	Received in 2014	Released to Unrestricted in 2014	Balance at 6/30/2014
Individuals	\$ 118,816	\$ -	\$ -	\$ 118,816

Temporarily Restricted Gifts, Grants and Support				
<i>Type of Donor</i>	Balance at 6/30/2013	Received in 2014	Released to Unrestricted in 2014	Balance at 6/30/2014
Individuals	\$ 2,197	\$ -	\$ -	\$ 2,197
Foundations	3,463	-	2,813	650
Total	\$ 5,660	\$ -	\$ 2,813	\$ 2,847

Access Alaska, Inc.

Notes to Financial Statements

These assets are temporarily restricted due to donor purpose restrictions.

Unrestricted Gifts, Grants and Support					
<i>Type of Donor</i>	Temporarily Restricted Released in 2014	Unrestricted Received in 2014	Total Unrestricted		
Individuals	\$ -	\$ 70,068	\$ 70,068		
Foundations	2,813	79,987	82,800		
Government	-	2,506,876	2,506,876		
Total	\$ 2,813	\$ 2,656,931	\$ 2,659,744		

Gifts, grants and support were provided to Access Alaska, Inc. for operations in fiscal year 2013 as follows:

Permanently Restricted Gifts, Grants and Support						
<i>Type of Donor</i>	Balance at 6/30/2012	Received in 2013	Released to Unrestricted in 2013	Balance at 6/30/2013		
Individuals	\$ -	\$ 118,816	\$ -	\$ 118,816		

Temporarily Restricted Gifts, Grants and Support						
<i>Type of Donor</i>	Balance at 6/30/2012	Received in 2013	Released to Unrestricted in 2013	Balance at 6/30/2013		
Individuals	\$ 2,197	\$ -	\$ -	\$ 2,197		
Foundations	5,942	-	2,479	3,463		
Total	\$ 8,139	\$ -	\$ 2,479	\$ 5,660		

These assets are temporarily restricted due to donor purpose restrictions.

Unrestricted Gifts, Grants and Support					
<i>Type of Donor</i>	Temporarily Restricted Released in 2013	Unrestricted Received in 2013	Total Unrestricted		
Individuals	\$ -	\$ 40,985	\$ 40,985		
Foundations	2,479	105,296	107,775		
Government	-	2,506,803	2,506,803		
Total	\$ 2,479	\$ 2,653,084	\$ 2,655,563		

Access Alaska, Inc.

Notes to Financial Statements

9. Operating Leases

Access Alaska, Inc. leases building space and office equipment under operating lease agreements. The following is a schedule by years of the estimated future minimum rental payments required under the leases as of June 30, 2014:

Fiscal Years

2015	\$	250,423
2016		85,117
2017		19,620
2018		14,715
Total		\$ 369,875

10. Related Party Transactions

Federal regulation requires Access Alaska, Inc. to be a consumer-run organization. As a result, a number of Access Alaska, Inc.'s employees received benefits under the programs Access Alaska, Inc. administers.

11. Contingencies

Access Alaska, Inc. relied upon the Consumer Directed Personal Care Attendants Program for approximately 78% of its funding in 2014 and 2013. The program is funded by Medicaid and has undergone change in recent years. Increasing competition from other agencies for these consumers and changing program requirements puts Access Alaska, Inc. at risk for future periods that these funds may be significantly reduced.

Grants received from state and federal agencies are subject to audit by governmental entities or their representatives. Accordingly, adjustments of amounts received under grants and contracts could result if the grants or contracts are audited by such agencies and any expenses are disallowed.

12. Retirement Plan

Access Alaska, Inc. participates in a 403(b) tax deferred annuity plan that is available to each employee who works 20 or more hours each week. Each employee shall be eligible to participate in the Plan immediately upon becoming employed at Access Alaska, Inc. Each participant may elect to have a portion of their salary deferred each pay period. An employee may not participate unless an election is made to contribute at least \$200 annually.

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Supplementary Information

Access Alaska, Inc.
Schedule of Program Expenses

Year Ended June 30, 2014	Anchorage Independent Living	ARRA RSA	Home Accessibility	AMHTA Victims	CDPCS Medicaid	AMHTA Micro Enterprise	Fairbanks Independent Living	AMHTA Morningside	Community Development Disability Program	Centers for Independent Living	Interpreter Referral Line	Traumatic Brain Injury	ADA Coordination	Anchorage Care Coordination
Personnel Services and Related														
Salaries and wages	\$ 299,780	\$ 208,700	\$ 11,339	\$ -	\$ 1,415,893	\$ 4,102	\$ 156,678	\$ 2,647	\$ 86,077	\$ 272,674	\$ 60,536	\$ 45,239	\$ 37,886	\$ 21,399
Benefits and taxes	83,361	57,513	3,257	-	277,640	1,148	35,892	741	27,357	86,859	15,005	6,832	6,891	2,370
Total Personnel Services	383,141	266,213	14,596	-	1,693,533	5,250	192,570	3,388	113,434	359,533	75,541	52,071	44,777	23,769
Consumer Services														
Housing modifications and adaptive technology	2,625	-	116,303	-	-	-	529	-	-	-	-	-	-	-
Recruitment	-	-	9	-	61	3	25	-	-	113	-	-	-	-
Consumer related expenses	8,694	-	-	-	6,564,690	51,714	2,506	-	9,044	-	-	27	-	64,438
Total Consumer Services	11,319	-	116,312	-	6,564,751	51,717	3,060	-	9,044	113	-	27	-	64,438
Marketing and Advertising	729	460	34	-	21,330	10	319	6	833	498	133	26	59	-
Program Administrative														
Travel	23,264	9,049	546	525	28,574	67	9,940	124	3,372	10,365	1,596	125	3,490	430
Telephone	7,137	3,976	112	-	27,409	36	1,262	25	1,057	3,672	523	859	475	-
Consulting	17,178	28	16	-	4,517	5	946	35,846	1,933	5,496	3	17,477	6	-
Audit fees	12,615	2,895	35	-	1,737	13	5,527	8	1,440	1,254	1,156	827	472	-
Office supplies	5,344	3,522	235	746	16,446	52	2,697	51	1,034	4,573	581	89	230	-
General insurance	5,564	946	46	-	27,758	17	2,438	11	517	651	114	-	144	-
Staff training	3,282	1,590	104	-	3,485	34	1,184	22	311	858	137	-	92	-
Board of Directors training	797	183	2	-	80	1	349	-	96	32	73	52	31	-
Postage	1,271	996	16	-	6,374	5	534	3	416	1,800	171	28	97	-
Dues and subscriptions	1,376	1,186	57	-	6,437	18	818	12	475	1,474	260	45	99	-
Miscellaneous	566	328	201	-	8,844	70	248	29	170	1,433	89	633	77	-
Total Administrative	78,394	24,699	1,370	1,271	131,661	318	25,943	36,131	10,821	31,608	4,703	20,135	5,213	430
Occupancy														
Rent and utilities	34,352	28,196	756	-	184,381	347	26,814	506	9,340	43,539	11,617	8,804	1,838	-
Equipment lease payments	3,805	1,850	86	-	17,978	28	1,166	18	644	2,867	493	648	255	-
Equipment repairs and maintenance	8,059	6,989	475	-	43,677	114	6,071	75	2,314	10,398	2,609	2,331	653	-
Furniture and equipment purchases	4,073	1,592	121	-	11,837	39	8,907	25	614	1,962	354	-	206	-
Total Occupancy	50,289	38,627	1,438	-	257,873	528	42,958	624	12,912	58,766	15,073	11,783	2,952	-
Total Expenses Before Depreciation and Allocation of Management and General Expenses and Transfers for Capitalized Equipment	\$ 523,872	\$ 329,999	\$ 133,750	\$ 1,271	\$ 8,669,148	\$ 57,823	\$ 264,850	\$ 40,149	\$ 147,044	\$ 450,518	\$ 95,450	\$ 84,042	\$ 53,001	\$ 88,637

Access Alaska, Inc.
Schedule of Program Expenses, continued

Year Ended June 30, 2014	Medicare Counseling and Outreach	Older Blind	WIA Youth	Mat-Su Borough Community Match	Statewide Independent Living Council	Fairbanks Independent Wellness	AK Youth First	Alaska Mental Health Trust Authority	AMHTA Mini- Grants	Essential Program Equipment	Other Programs*	Total	Allocation of Management & General and Transfers for Capitalized Equipment	Totals	
														2014 Program Expenses	2013 Program Expenses
Personnel Services and Related															
Salaries and wages	\$ 12,764	\$ 44,468	\$ 92,963	\$ -	\$ 4,400	\$ 24,694	\$ 11,147	\$ -	\$ -	\$ -	\$ 9,578	\$ 2,822,964	\$ (792,877)	\$ 2,030,087	\$ 1,925,537
Benefits and taxes	3,109	9,415	25,907	-	576	3,824	3,072	-	-	-	1,579	652,348	(271,802)	380,546	540,885
Total Personnel Services	15,873	53,883	118,870	-	4,976	28,518	14,219	-	-	-	11,157	3,475,312	(1,064,679)	2,410,633	2,466,422
Consumer Services															
Housing modifications and adaptive technology	-	-	-	-	-	-	-	-	-	-	4,178	123,635	-	123,635	234,364
Recruitment	4	-	-	-	-	-	-	-	-	-	-	215	-	215	5,195
Consumer related expenses	-	-	-	200	2,500	-	-	-	65,935	-	24,108	6,793,856	-	6,793,856	7,567,606
Total Consumer Services	4	-	-	200	2,500	-	-	-	65,935	-	28,286	6,917,706	-	6,917,706	7,807,165
Marketing and Advertising	62	28	219	-	-	1	28	-	-	-	154	24,929	-	24,929	28,461
Program Administrative															
Travel	551	663	4,192	-	10,757	-	2,054	-	-	-	5	109,689	(8,562)	101,127	106,464
Telephone	71	126	713	-	-	465	97	-	-	-	54	48,069	(12,858)	35,211	31,769
Consulting	1	2	6	-	-	3,091	1	-	-	24,000	14,346	124,898	(33,410)	91,488	54,604
Audit fees	124	164	1,831	-	-	466	335	-	-	-	51	30,950	(8,279)	22,671	7,766
Office supplies	220	266	2,027	-	-	156	258	-	-	-	3,306	41,833	(11,191)	30,642	38,660
General insurance	45	25	425	-	-	-	67	-	-	-	-	38,768	(10,370)	28,398	24,254
Staff training	97	32	355	-	-	-	51	-	-	-	-	11,634	(3,112)	8,522	15,235
Board of Directors training	8	10	116	-	-	30	21	-	-	-	3	1,884	(504)	1,380	815
Postage	54	44	258	-	22	-	86	-	-	-	134	12,309	(3,292)	9,017	6,727
Dues and subscriptions	31	84	551	-	-	2	87	-	-	-	313	13,325	(3,564)	9,761	7,210
Miscellaneous	14	69	201	-	47	3	36	-	-	-	27,661	40,719	(11,644)	29,075	52,464
Total Administrative	1,216	1,485	10,675	-	10,826	4,213	3,093	-	-	24,000	45,873	474,078	(106,786)	367,292	345,968
Occupancy															
Rent and utilities	2,289	2,624	15,719	-	4,049	6,398	2,068	-	-	-	783	384,420	(102,832)	281,588	344,286
Equipment lease payments	28	95	631	-	-	398	85	-	-	-	47	31,122	(8,325)	22,797	20,734
Equipment repairs and maintenance	157	579	3,413	-	-	1,561	446	-	-	-	176	90,097	(24,102)	65,995	66,806
Furniture and equipment purchases	372	136	473	-	1,875	-	62	4,083	-	-	-	36,731	(9,826)	26,905	29,368
Total Occupancy	2,846	3,434	20,236	-	5,924	8,357	2,661	4,083	-	-	1,006	542,370	(145,085)	397,285	461,194
Total Expenses Before Depreciation and Allocation of Management and General Expenses and Transfers for Capitalized Equipment															
	\$ 20,001	\$ 58,830	\$ 150,000	\$ 200	\$ 24,226	\$ 41,089	\$ 20,001	\$ 4,083	\$ 65,935	\$ 24,000	\$ 86,476	\$ 11,434,395	\$ (1,316,550)	\$ 10,117,845	\$ 11,109,210

Access Alaska, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Grant Program/Title	Catalog of Federal Domestic Assistance Number	Grant Award Number	Grant Award Amount	Accrued or (Deferred) Revenue at July 1, 2013	Federal Expenses	Cash Received	Accrued or (Deferred) Revenue at June 30, 2014
Department of Education							
Direct program -							
Centers for Independent Living Cluster:							
Center for Independent Living-2012	84.132A	H132A930065-12	\$ 468,913	\$ 15,095	\$ 117,228	\$ 132,323	\$ -
Center for Independent Living-2013	84.132A	H132A930065-13	444,386	-	333,290	317,766	15,524
Total Centers for Independent Living Cluster				15,095	450,518	450,089	15,524
Passed through the State of Alaska Department of Labor and Workforce Development:							
Independent Living State Grants (federal share)	84.169A	IC 14.02	159,792	-	159,792	146,476	13,316
Rehabilitation Services - Independent Services for Older Individuals Who Are Blind	84.177B	OB 14.08	52,736	-	52,736	48,341	4,395
Total Passed through the State of Alaska Department of Labor and Workforce Development				-	212,528	194,817	17,711
Passed through University of Washington - National Institute on Disability and Rehabilitation Research :							
Northwest ADA Center	84.133A	745375	53,000	8,833	13,250	22,083	-
Northwest ADA Center	84.133A	756130	53,000	-	39,750	35,333	4,417
Total National Institute on Disability and Rehabilitation Research				8,833	53,000	57,416	4,417
Passed through Statewide Independent Living Council - Rehabilitation Services and Demonstration and Training Programs - SILC Rural Outreach							
	84.235J	S00007989	131,500	(17,823)	16,751	-	(1,072)
Total Department of Education				6,105	732,797	702,322	36,580
Department of Health and Human Services							
Passed through State of Alaska Department of Health and Social Services							
Medicare Counseling and Outreach	93.048	607-14-706	4,691	-	4,691	4,456	235
Medicare Counseling and Outreach	93.779	607-14-706	6,423	-	6,423	6,102	321
Medicare Counseling and Outreach	93.048	607-14-706	8,886	-	8,886	8,442	444
Total Department of Health and Human Services				-	20,000	19,000	1,000
Department of Labor							
Passed through the State of Alaska Department of Labor and Workforce Development:							
Workforce Investment Act (WIA) Youth Activities	17.259	EN 746313	150,000	-	150,000	137,500	12,500
Total Expenditures of Federal Awards				\$ 6,105	\$ 902,797	\$ 858,822	\$ 50,080

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Access Alaska, Inc. under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Access Alaska, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Access Alaska, Inc.

Expenditures reported on the Schedule are reported on the full accrual basis of accounting.

Access Alaska, Inc.
Schedule of State Financial Assistance
Year Ended June 30, 2014

Grant Program/Title	Grant Award Number	Grant Award Amount	Accrued or (Deferred) Revenue at July 1, 2013	State Expenses	Cash Received	Accrued or (Deferred) Revenue at June 30, 2014
Department of Labor and Workforce Development						
Major Program -						
Independent Living State Grants (state share)	IC 14.02	\$ 628,933	-	\$ 628,933	\$ 576,522	\$ 52,411
Nonmajor Programs:						
Interpreter Referral Services	GF 14.09	58,950	-	58,950	54,038	4,912
Alaska Youth First	EN 746306	20,000	-	20,000	18,333	1,667
Older Blind (state share)	OB 14.08	6,094	-	6,094	5,586	508
Total Department of Labor and Workforce Development			-	713,977	654,479	59,498
Alaska Mental Health Trust Authority						
Mini-Grants for Alaska Mental Health Trust Beneficiaries	N/A	57,821	-	57,821	62,462	(4,641)
Morningside Patient Database (FY 14)	5073	40,150	-	40,150	32,120	8,030
Warmth, Shelter, Safety and Food (FY 14)	5472	10,000	-	8,599	8,000	599
Supporting Mental Health Independent Wellness Program (FY 14)	5234	10,000	-	4,083	8,000	(3,917)
Total Alaska Mental Health Trust Authority			-	110,653	110,582	71
Department of Health and Social Services						
Major Programs:						
Social Services -						
Home Accessibility Improvements 2011	65C-11-278	400,000	29,050	21,160	50,210	-
Home Accessibility Improvements 2012	65C-12-295	109,504	-	109,504	109,504	-
Home Accessibility Improvements 2014	65C-14-208	400,000	-	3,085	-	3,085
Community Development Disability Program	607-14-001	150,000	-	147,044	139,926	7,118
Traumatic and Acquired Brain Injury Case Management	607-14-050	300,000	-	300,000	285,000	15,000
Nonmajor Programs:						
Comprehensive Behavioral Health Treatment	602-14-202	100	-	100	100	-
Total Department of Health and Social Services			29,050	580,893	584,740	25,203
Total State Financial Assistance			\$ 29,050	\$ 1,405,523	\$ 1,349,801	\$ 84,772

Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state grant activity of Access Alaska, Inc. under programs of the state government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. Because the Schedule presents only a selected portion of the operations of Access Alaska, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Access Alaska, Inc.

Access Alaska, Inc.
Department of Health and Social Services
Home Accessibility 2014
Grant #65C-14-208
Schedule of Expenses - Budget and Actual

<i>Year Ended June 30, 2014</i>	Budget	Actual	Variance Positive (Negative)
Expenses			
Construction and vehicle modifications	\$ 347,826	\$ 2,683	\$ 345,143
Administrative	52,174	402	51,772
Total Expenses	\$ 400,000	\$ 3,085	\$ 396,915

Access Alaska, Inc.
Department of Health and Social Services
Home Accessibility 2012
Grant #65C-12-295
Schedule of Expenses - Budget and Actual

<i>Year Ended June 30, 2014</i>	Budget	Actual	Variance Positive (Negative)
Expenses			
Construction and vehicle modifications	\$ 95,221	\$ 95,221	\$ -
Administrative	14,283	14,283	-
Total Expenses	\$ 109,504	\$ 109,504	\$ -

Access Alaska, Inc.
Department of Health and Social Services
Home Accessibility 2011
Grant #65C-11-278
Schedule of Expenses - Budget and Actual

<i>Year Ended June 30, 2014</i>	Budget	Actual		Totals	Variance Positive (Negative)
		Prior Years	2014		
Expenses					
Construction and vehicle modifications	\$ 347,826	\$ 329,426	\$ 18,400	\$ 347,826	\$ -
Administrative	52,174	49,414	2,760	52,174	-
Total Expenses	\$ 400,000	\$ 378,840	\$ 21,160	\$ 400,000	\$ -

Access Alaska, Inc.
 Department of Health and Social Services
 Community Development Disability Program
 Grant #607-14-001
Schedule of Expenses - Budget and Actual

<i>Year Ended June 30, 2014</i>	Budget	Actual	Variance Positive (Negative)
Expenses			
Personnel services	\$ 113,448	\$ 113,434	\$ 14
Travel	3,372	3,372	-
Facility expense	10,397	9,340	1,057
Supplies	1,924	1,034	890
Equipment	3,572	3,572	-
Other	17,287	16,292	995
Total Expenses	\$ 150,000	\$ 147,044	\$ 2,956

Access Alaska, Inc.
Department of Health and Social Services
Acquired and Traumatic Brain Injury Case Management
Grant #607-14-050
Schedule of Expenses - Budget and Actual

<i>Year Ended June 30, 2014</i>	Budget	Actual	Variance Positive (Negative)
Expenses			
Personnel services	\$ 266,243	\$ 266,214	\$ 29
Travel	9,049	9,049	-
Facility expense	32,172	28,196	3,976
Supplies	5,705	3,523	2,182
Equipment	10,431	10,431	-
Other	6,400	12,587	(6,187)
Total Expenses	\$ 330,000	\$ 330,000	\$ -

Access Alaska, Inc.
 Department of Health and Social Services
 Comprehensive Behavioral Health Treatment
 Grant #602-14-202
 Schedule of Expenses - Budget and Actual

<i>Year Ended June 30, 2014</i>	Budget	Actual	Variance Positive (Negative)
Expenses			
Personnel services	\$ 125	\$ 100	\$ 25

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Single Audit Section



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's 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
Access Alaska, Inc.
Anchorage, Alaska

We have audited, in accordance with the 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, the financial statements of Access Alaska, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. . Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Access Alaska, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Access Alaska, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 30, 2015



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Directors
Access Alaska, Inc.
Anchorage, Alaska

Report on Compliance for Each Major Federal Program

We have audited Access Alaska, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Access Alaska, Inc.'s major federal programs for the year ended June 30, 2014. Access Alaska, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Access Alaska, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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Report on Internal Control Over Compliance

Management of Access Alaska, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Access Alaska, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Access Alaska, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 30, 2015



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

To the Board of Directors
Access Alaska, Inc.
Anchorage, Alaska

Report on Compliance for Each Major State Program

We have audited Access Alaska, Inc.'s (the Entity) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Access Alaska, Inc.'s major state programs for the year ended June 30, 2014. Access Alaska, Inc.'s major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Access Alaska, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* 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 Access Alaska, Inc.'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 on compliance for each major state program. However, our audit does not provide a legal determination of Access Alaska, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, Access Alaska, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Access Alaska, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Access Alaska, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Access Alaska, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 30, 2015

Access Alaska, Inc.

Schedule of Findings and Questioned Costs Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> </u> yes	<u> X </u> no

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
84.132A	Center for Independent Living Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

State Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)
Type of auditor's report issued on compliance for major programs:	Unmodified	
Dollar threshold used to distinguish a state major program:	\$ 75,000	

Access Alaska, Inc.

Schedule of Findings and Questioned Costs Year Ended June 30, 2014

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in section .510(a) of the Circular) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.

Access Alaska, Inc.

Summary Schedule of Prior Audit Findings Year Ended June 30, 2014

Federal

There were no prior year audit findings.

State

Finding 2013-001 **Independent Living - Significant Deficiency in Internal Controls over Allowable Activities and Compliance**

Agency State of Alaska Department of Labor and Workforce Development
Program Independent Living
Award No. IC 13.02
Award Year FY 2013

Condition Currently staff that provide direct services are not tracking their time spent on each project (funding source).

Current Year Status This finding was resolved in 2014.

Access Alaska, Inc.
Corrective Action Plan
Year Ended June 30, 2014

There are no current year findings; therefore no corrective action plan is required.