

UNITED SUMMIT CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS

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DECEMBER 31, 2009 AND 2008

DHHR - Finance

DEC 14 2011

Date Received

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Summit Center, Inc.  
Clarksburg, West Virginia

We have audited the accompanying balance sheets of United Summit Center, Inc. (a non-profit organization) as of December 31, 2009 and 2008 and the related statements of operations, changes in net assets and cash flows for the years then ended as listed in the table of contents. These financial statements are the responsibility of the United Summit Center, Inc.'s management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Summit Center, Inc. as of December 31, 2009 and 2008, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2010 on our consideration of United Summit Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations,

contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of United Summit Center, Inc taken as a whole. The accompanying supplementary schedules, as listed in the index, are presented for purposes of additional analysis and are not a required part of the basic financial statements of United Summit Center, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Tetuch & Bartlett, PLLC*

March 10, 2010

**DHHR - Finance**

**DEC 14 2011**

**Date Received**

UNITED SUMMIT CENTER, INC.  
BALANCE SHEETS  
DECEMBER 31,

	2009	2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,047,077	\$ 2,897,616
Patient accounts receivable	1,471,897	1,438,948
Other receivables	693,913	468,804
Deposits	21,587	25,359
Prepaid expenses	197,244	219,957
Total current assets	<u>4,431,718</u>	<u>5,050,684</u>
<b>Long-Term Investments</b>	<u>9,760</u>	<u>9,163</u>
<b>Assets Whose Use is Limited</b>		
By Board for capital improvements	3,896,070	3,341,238
By Board for self-funded malpractice insurance	884,370	671,359
Total assets whose use is limited	<u>4,780,440</u>	<u>4,012,597</u>
<b>Land, Property and Equipment (net)</b>	<u>966,759</u>	<u>788,163</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,188,677</u>	<u>\$ 9,860,607</u>

2009

2008

## LIABILITIES AND NET ASSETS

### Current Liabilities

Current portion of long-term debt	\$ 7,449	\$ 6,461
Accounts payable	172,473	347,178
Accrued payroll and related taxes and benefits	903,859	1,069,574
Accrued other	<u>1,107,013</u>	<u>1,136,779</u>
Total current liabilities	<u>2,190,794</u>	<u>2,559,992</u>

Long-term debt, net of current portion	<u>6,692</u>	<u>14,141</u>
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Total Liabilities	<u>2,197,486</u>	<u>2,574,133</u>
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### Net Assets

Unrestricted	<u>7,991,191</u>	<u>7,286,474</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 10,188,677</u></u>	<u><u>\$ 9,860,607</u></u>
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The accompanying notes are an integral part of these financial statements.

**UNITED SUMMIT CENTER, INC.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	2009	2008
<b>Changes in Unrestricted Net Assets</b>		
<b>Unrestricted revenues and support</b>		
Net patient service revenues	\$ 13,216,085	\$ 13,042,317
Federal and state support	4,258,881	3,887,691
County support	45,600	43,429
Other income	255,251	198,153
Total unrestricted revenues and support	<u>17,775,817</u>	<u>17,171,590</u>
<b>Expenses</b>		
Salaries and wages	11,029,467	9,477,778
Contracted labor	1,074,458	1,845,619
Employee benefits	2,516,040	2,178,755
Purchased services and fees	229,214	189,938
Travel and registration fees	662,561	682,937
Rent	365,801	356,221
Medicaid tax	76,888	74,378
Utilities	327,273	276,748
Supplies	417,574	430,044
Depreciation	254,755	200,662
Insurance	139,262	220,071
Maintenance and repairs	97,674	119,632
Provision for bad debts	475,456	437,548
Other expenses	49,850	106,758
Other taxes and licenses	48,581	40,019
Total expenses	<u>17,764,854</u>	<u>16,637,108</u>
Operating income (loss)	10,963	534,482
<b>Other income</b>		
Investment income	<u>693,754</u>	<u>(759,243)</u>
Increase (decrease) in unrestricted net assets	<u>\$ 704,717</u>	<u>\$ (224,761)</u>

The accompanying notes are an integral part of these financial statement.

UNITED SUMMIT CENTER, INC.  
 STATEMENTS OF CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED DECEMBER 31,

	<u>Unrestricted</u>	<u>Total</u>
Net assets, January 1, 2008	\$ 7,511,235	\$ 7,511,235
Increase in unrestricted net assets for the year ended December 31, 2008	<u>(224,761)</u>	<u>(224,761)</u>
Net assets, December 31, 2008	7,286,474	7,286,474
Increase (decrease) in unrestricted net assets for the year ended December 31, 2009	<u>704,717</u>	<u>704,717</u>
Net assets, December 31, 2009	<u>\$ 7,991,191</u>	<u>\$ 7,991,191</u>

The accompanying notes are an integral part of these financial statements.



**UNITED SUMMIT CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	2009	2008
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in net assets	\$ 704,717	\$ (224,761)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	254,755	200,662
(Gain) loss on disposal of fixed assets	-	-
Net realized and unrealized (gains) losses on investments, other than trading	(551,761)	937,685
Provision for uncollectible accounts	475,456	437,548
(Increase) decrease in:		
Patient accounts receivable	(508,405)	(885,680)
Other receivables	(225,109)	351,509
Deposits	3,772	9,814
Prepaid expenses	22,713	52,525
(Decrease) increase in:		
Accounts payable	(174,705)	55,032
Accrued payroll and related taxes and benefits	(165,715)	172,232
Accrued other	(29,766)	104,374
Net cash (used in) provided by operating activities	<u>(194,048)</u>	<u>1,210,940</u>
<b>Cash Flows from Investing Activities</b>		
Net (purchases) of assets whose use is limited:		
By Board for capital improvements	(118,930)	(145,607)
By Board for self-funded malpractice insurance	(97,749)	(65,751)
Acquisition of property and equipment	<u>(433,351)</u>	<u>(229,855)</u>
Net cash (used in) investing activities	<u>(650,030)</u>	<u>(441,213)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Payments of long-term debt	<u>(6,461)</u>	<u>(6,085)</u>
Net cash (used in) financing activities	<u>(6,461)</u>	<u>(6,085)</u>
Net (decrease) increase in cash and cash equivalents	(850,539)	763,642
Cash and cash equivalents - beginning	<u>2,897,616</u>	<u>2,133,974</u>
Cash and cash equivalents - ending	<u>\$ 2,047,077</u>	<u>\$ 2,897,616</u>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Cash paid during the year for interest	<u>\$ 1,060</u>	<u>\$ 2,063</u>

The accompanying notes are an integral part of these financial statements

**UNITED SUMMIT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**Description of Organization**

United Summit Center, Inc. (Center) is a non-profit West Virginia corporation established for the purpose of providing mental health, mental retardation, and related services to residents of Harrison, Braxton, Doddridge, Lewis, Gilmer, Preston, Marion, and Taylor counties. Funding for operations is primarily from grant sources, purchased service contracts with the State of West Virginia, and fees for services provided.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Cash Equivalents**

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

**Charity Care**

The Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

**Concentration of Credit Risk**

The Center provides medical and other mental health related services principally to residents of Harrison, Lewis, Braxton, Doddridge, Gilmer, Preston, Marion, and Taylor Counties, West Virginia. The Center bills insurance carriers and patients for medical services provided. The Center has significant credit risk with third party programs such as Medicare and Medicaid.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**UNITED SUMMIT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**Land, Property and Equipment**

Land, property and equipment acquired by the Center are considered to be owned by the Center. However, funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The funding sources have a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life greater than one year.

The Center follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets.

**Patient Accounts Receivable**

Patient accounts receivable are stated net of the allowance for uncollectible accounts and the allowance for contractual adjustments. The allowance for uncollectible accounts is maintained at a level believed by management to absorb potential losses in the patient receivables based on loss experience, growth and composition of the balance in patient receivables, and other relevant factors which management believes warrant recognition in the period.

**Estimated Third-Party Payor Settlement**

Estimated contractual reimbursement receivables and payables for settlements with third-party reimbursement programs are recorded on the accrual basis and are subject to retroactive review and adjustment by the third-party reimbursement programs. Any differences between estimated settlement amounts and amounts allowed under the programs are recognized in the year of determination.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Cash and cash equivalents are carried at cost which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues (less than) in excess of expenses unless the income or loss is restricted by donor or law.

**Assets Whose Use is Limited**

Assets whose use is limited include assets set aside by the Board of Directors for future capital improvements and future self-funded malpractice insurance claims over which the Board retains control and may at its discretion subsequently use for other purposes.

**UNITED SUMMIT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**Net Patient Service Revenue**

Net patient service revenue is recorded at established billing rates when services are rendered, net of contractual adjustments. Contractual adjustments represent the difference between established billing rates and the payment amount or interim reimbursement rates paid by third-party contractors, principally federal and state governments under Medicare, Medicaid, and other similar programs, and are recorded on an estimated basis in the period services are rendered. Adjustments to estimated amounts are recorded in future periods as final settlements are determined.

**Contingencies**

The Center received a substantial amount of its support from grants. Any significant reduction in the level of support from the grantors could have a material effect on the Center's programs and activities.

**Income Taxes**

The United Summit Center, Inc. is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code.

**Pension Plan**

The Center provides a 401(k) pension plan which covers substantially all employees. The employees may make tax deferred contributions to the plan. Under the plan, the Center contributes 2% of base compensation that a participant contributes to the plan. Employer match pension expense for 2009 and 2008 was \$157,302 and \$147,042, respectively.

**2. Deposits**

It is the Center's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

The Center's deposits are categorized to give an indication of the level of risk assumed by the Center at December 31, 2009 and 2008. The categories are described as follows:

**Category 1** - Insured or collateralized with securities held by the Center or its agent in the Center's name.

**Category 2** - Collateralized with securities held by the pledging financial institution's trust department or agent in the Center's name

**Category 3** - Uncollateralized.

UNITED SUMMIT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	2009				Carrying Amount
	<u>Bank Balance</u>	<u>1</u>	Category <u>2</u>	<u>3</u>	
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ 1,270
Checking	<u>2,180,785</u>	<u>250,000</u>	<u>1,930,785</u>	<u>-</u>	<u>2,045,807</u>
Total cash	<u>\$ 2,180,785</u>	<u>\$ 250,000</u>	<u>\$ 1,930,785</u>	<u>\$ -</u>	<u>\$ 2,047,077</u>
	2008				Carrying Amount
	<u>Bank Balance</u>	<u>1</u>	Category <u>2</u>	<u>3</u>	
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ 1,270
Checking	<u>2,908,889</u>	<u>250,000</u>	<u>2,658,889</u>	<u>-</u>	<u>2,896,346</u>
Total cash	<u>\$ 2,908,889</u>	<u>\$ 250,000</u>	<u>\$ 2,658,889</u>	<u>\$ -</u>	<u>\$ 2,897,616</u>

**3. Patient Accounts Receivable**

Accounts receivable and the allowance for charity care, contractual allowances and uncollectible accounts consist of the following:

	2009	2008
General patient accounts receivable	\$ 3,358,543	\$ 3,057,777
Less: Charity care, contractual allowances, and uncollectible account allowances	<u>(1,886,646)</u>	<u>(1,618,829)</u>
Net patient receivables	<u>\$ 1,471,897</u>	<u>\$ 1,438,948</u>

UNITED SUMMIT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

4. **Other Receivables**

Other receivables consist of the following at December 31,:

	2009	2008
Grant receivable	\$ 679,829	\$ 454,131
Investment income receivable	7,519	8,344
Various	<u>6,565</u>	<u>6,329</u>
 Total other receivables	 <u>\$ 693,913</u>	 <u>\$ 468,804</u>

5. **Prepaid Expenses**

Prepaid expenses consist of the following at December 31,:

	2009	2008
Prepaid rent	\$ 101,142	\$ 119,822
Prepaid employee benefit	90,000	90,000
Miscellaneous	<u>6,102</u>	<u>10,135</u>
 Total prepaid expenses	 <u>\$ 197,244</u>	 <u>\$ 219,957</u>

UNITED SUMMIT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. Investments

**Assets Whose Use is Limited**

The composition of the assets, whose use is limited at December 31, 2009 and 2008, is set forth below. Investments are stated at fair market value.

	<b>2009</b>			
	<u>Amortized</u>	<u>Unrealized</u>	<u>Unrealized</u>	<u>Market</u>
	<u>Cost</u>	<u>Gains</u>	<u>Losses</u>	<u>Value</u>
By Board for Capital Improvements:				
(Funded Depreciation)				
Cash and equivalents	\$ 197,337	\$ -	\$ -	\$ 197,337
Equity securities, primarily fixed income and common stock mutual funds	<u>3,675,141</u>	<u>869,666</u>	<u>(846,074)</u>	<u>3,698,733</u>
Total	<u>3,872,478</u>	<u>869,666</u>	<u>(846,074)</u>	<u>3,896,070</u>
By Board for Self-Funded Malpractice				
Insurance:				
Cash and equivalents	56,095	-	-	56,095
Equity securities, primarily fixed income and common stock mutual funds	342,137	307,591	(286,569)	363,159
Fixed income securities, bond mutual fund	<u>463,534</u>	<u>17,030</u>	<u>(15,448)</u>	<u>465,116</u>
Total	<u>861,766</u>	<u>324,621</u>	<u>(302,017)</u>	<u>884,370</u>
Total Assets Whose Use is Limited	<u>\$ 4,734,244</u>	<u>\$ 1,194,287</u>	<u>\$ (1,148,091)</u>	<u>\$ 4,780,440</u>

UNITED SUMMIT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	2008			
	<u>Amortized</u> <u>Cost</u>	<u>Unrealized</u> <u>Gains</u>	<u>Unrealized</u> <u>Losses</u>	<u>Market</u> <u>Value</u>
By Board for Capital Improvements: (Funded Depreciation)				
Cash and equivalents	\$ 174,019	\$ -	\$ -	\$ 174,019
Equity securities, primarily fixed income and common stock mutual funds	<u>3,686,524</u>	<u>562,529</u>	<u>(1,081,834)</u>	<u>3,167,219</u>
Total	<u>3,860,543</u>	<u>562,529</u>	<u>(1,081,834)</u>	<u>3,341,238</u>
By Board for Self-Funded Malpractice Insurance:				
Cash and equivalents	33,224	-	-	33,224
Equity securities, primarily fixed income and common stock mutual funds	381,875	133,379	(237,526)	277,728
Fixed income securities, bond mutual fund	<u>371,513</u>	<u>4,342</u>	<u>(15,448)</u>	<u>360,407</u>
Total	<u>786,612</u>	<u>137,721</u>	<u>(252,974)</u>	<u>671,359</u>
Total Assets Whose Use is Limited	<u>\$ 4,647,155</u>	<u>\$ 700,250</u>	<u>\$ (1,334,808)</u>	<u>\$ 4,012,597</u>

**Long-Term Investments**

The composition of long-term investments at December 31, 2009 and 2008 is set forth below.

	2009			
	<u>Amortized</u> <u>Cost</u>	<u>Unrealized</u> <u>Gains</u>	<u>Unrealized</u> <u>Losses</u>	<u>Market</u> <u>Value</u>
Equity Securities	<u>\$ 13,426</u>	<u>\$ 15,120</u>	<u>\$ (18,786)</u>	<u>\$ 9,760</u>



UNITED SUMMIT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	2008			
	<u>Amortized</u> <u>Cost</u>	<u>Unrealized</u> <u>Gains</u>	<u>Unrealized</u> <u>Losses</u>	<u>Market</u> <u>Value</u>
Equity Securities	\$ 13,426	\$ 14,523	\$ (18,786)	\$ 9,163

Investment income and gains for assets whose use is limited, cash equivalents, and long-term investments are comprised of the following for the years ending December 31, 2009 and 2008:

	2009	2008
<b>Income:</b>		
Interest income	\$ 10,797	\$ 24,857
Dividend and other investment income	131,196	153,585
Realized (losses) on sales of securities	(106,996)	(43,952)
Unrealized gains and (losses) on other than trading securities	<u>658,757</u>	<u>(893,733)</u>
	<u>\$ 693,754</u>	<u>\$ (759,243)</u>

## 7. Land, Property and Equipment

The following is a summary of land, property and equipment at December 31,:

	2009	2008
Land	\$ 29,608	\$ 29,608
Buildings	26,874	26,874
Leasehold improvements	751,070	774,906
Construction in progress	172,009	-
Furniture and fixtures	308,685	318,768
Equipment	<u>1,496,889</u>	<u>1,581,536</u>
	2,785,135	2,731,692
Less: Accumulated depreciation	<u>(1,818,376)</u>	<u>(1,943,529)</u>
Total	<u>\$ 966,759</u>	<u>\$ 788,163</u>

Depreciation expense for the years ended December 31, 2009 and 2008 amounted to \$254,755 and \$200,662, respectively.

UNITED SUMMIT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

8. Long-term Debt

Long-term debt consists of the following at December 31:

	2009	2008
6.0% note payable to Mary Policano, due in monthly installments of \$626.75, unsecured	\$ 14,141	\$ 20,602
Less: Current portion	(7,449)	(6,461)
Non-current portion	\$ 6,692	\$ 14,141

Future scheduled maturities of long-term debt are as follows:

Years ending December 31:

2010	\$ 7,449	
2011	6,692	
	\$ 14,141	

9. Accrued Other

Accrued other consisted of the following at December 31,:

	2009	2008
Insurances	\$ 977,244	\$ 917,396
Contracted labor and purchased services	61,630	133,277
Client travel	3,892	15,611
Accrued professional fees	23,195	20,000
Broad base health care and privilege taxes	6,166	5,404
Employee travel	16,168	21,454
Various	18,718	23,637
Non-current portion	\$ 1,107,013	\$ 1,136,779

UNITED SUMMIT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

**10. Net Patient Service Revenues**

The following is a summary of net patient service revenues:

	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
General patient revenues	\$ 27,988,347	\$ 27,151,635
Less: Provision for charity care	<u>(4,485,114)</u>	<u>(4,159,476)</u>
	23,503,233	22,992,159
Less: Provision for contractual allowance	<u>(10,287,148)</u>	<u>(9,949,842)</u>
Non-current portion	<u>\$ 13,216,085</u>	<u>\$ 13,042,317</u>

**11. Operating Leases**

The Center has various leases for equipment and buildings which are classified as operating leases. Total rent expense for the year ended December 31, 2009 and 2008 for these operating leases amounted to \$365,801 and \$356,221, respectively. Future minimum lease payments under the operating leases are as follows:

2010	\$ 170,854
2011	113,517
2012	54,492
2013	29,406
2014	27,125
Thereafter	<u>81,375</u>
Total	<u>\$ 476,769</u>

United Summit Center, Inc leases the building known as 6 Hospital Plaza, Clarksburg, WV 26301 from the West Virginia Department of Health and Human Resources for the consideration of one dollar (\$1.00) per year. United Summit Center does not reflect any value related to this lease in the financial statements, i.e. there is no asset being capitalized and depreciated; there is no revenue or offsetting expense, which could have been determined by use of a fair market value.

**UNITED SUMMIT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**12. Affiliation**

The United Hospital Center, Inc. acquired assets on behalf of the United Summit Center, Inc. in November 1996 for \$323,505. Further equity contributions from the United Hospital Center, Inc. to the United Summit Center, Inc. for the period November 1, 1996 to December 31, 1997, amounted to \$800,000.

No equity contributions were made to United Summit Center, Inc. by United Hospital Center, Inc. for the years ended December 31, 2009 and 2008.

**13. Functional Expenses**

The Center provides mental health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	12/31/09	12/31/08
Mental health care services	\$ 14,290,291	\$ 12,685,280
Management and general	<u>3,474,563</u>	<u>3,951,828</u>
	<u>\$ 17,764,854</u>	<u>\$ 16,637,108</u>

**14. Litigation**

The Center is a party to various legal actions arising in the ordinary course of its services. In management's opinion, the Center has adequate legal defenses and/or external or self-insurance coverage respecting each of these actions and does not believe that this will materially affect the Center's operations or financial position. However, the Center is aware of unasserted claims, which could have a material impact on the Centers operations or financial position.

All settlements from legal actions in 2009 and 2008 were paid by the Center's self-insurance program.

UNITED SUMMIT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

15. Fair Value Measurements

Fair value of assets and liabilities are measured on a recurring basis at December 31, 2009 and 2008 are as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets/</u> <u>Liabilities</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
<u>December 31, 2009</u>				
Long-term investments	\$ 9,760	\$ 9,760	\$ -	\$ -
Assets whose use is limited	<u>4,780,440</u>	<u>4,780,440</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,790,200</u>	<u>\$ 4,790,200</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2008</u>				
Long-term investments	\$ 9,163	\$ 9,163	\$ -	\$ -
Assets whose use is limited	<u>4,012,597</u>	<u>4,012,597</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,021,760</u>	<u>\$ 4,021,760</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTARY SCHEDULES**

**UNITED SUMMIT CENTER, INC.**  
**CUMULATIVE SCHEDULE OF PROPERTY AND EQUIPMENT**  
**PURCHASED WITH BHHF - ADMINISTERED FUNDING**  
**DECEMBER 31, 2009**

<u>Description of Equipment</u>	<u>Vendor Name</u>	<u>Vendor Identification Number</u>	<u>Provider Identification Number</u>	<u>Date of Acquisition</u>	<u>Cost</u>	<u>State Account Number</u>
(2) Video Cameras & Tripods	Champion Industries	0046	97520	06/30/1997	\$ 1,477	8793-1997-2885-096-252 8793-1997-2886-096-252 8793-1997-2892-096-252
(2) Desk, File Cabinet, Bookshelf	H.L. Heaster, Inc.	0017	97520	06/30/1998	1,505	8793-1998-2885-096-252
1998 Ford Paratransit Shuttle Bus	WV Trans. Sales, Inc.	0411	97520	06/26/1998	41,638	8793-1998-2892-096-252
Storage Building	Timberline Construction	0438	97520	06/30/1999	8,500	8793-1999-2892-096-252-03087
(3) Netserver & accessories	Insight Insight	0385 0385	97520 97520	06/30/2001 06/30/2001	4,037 4,038	8793-2005-2885-096-128-05287 8794-2005-2852-096-128-05286
Beds and mattresses	Mattress Warehouse	MATT	97520	04/04/2005	1,153	0525-2005-3448-219-258-6885
Bedroom furniture sets	Grandmas House Furn	GRAND	97520	05/11/2005	1,800	0525-2005-3448-219-258-6885
Building renovations	High Country Contractors		97520	05/01/2005	79,130	0525-2006-2890-219-252/258
Home furnishings	Star Furnitures	0921	97520	06/26/2005	2,146	0525-2005-3448-219-258-6885
Building renovations	High Country Contractors		97520	07/26/2005	37,015	0525-2005-2890-219-252-06958
	High Country Contractors		97520	09/12/2005	6,942	0525-2005-2890-219-252-06958
	High Country Contractors		97520	09/12/2005	11,461	0525-2006-2890-219-252-06958
	High Country Contractors		97520	10/26/2005	8,592	0525-2006-2890-219-252-06958
	High Country Contractors		97520	12/29/2005	16,329	0525-2006-2890-219-252-06958
	High Country Contractors		97520	02/07/2006	13,972	0525-2005-2890-219-252-06858
	Cullison Communications		97520	02/20/2006	7,434	0525-2005-2890-219-252-06958
	American Fence Company		97520	03/16/2006	5,485	0525-2005-2890-219-252-06958
Master Key/Lock System	Key Lock		97520	03/18/2006	2,792	0525-2005-2890-219-252-06958
Building Renovations	High Country Contractors		97520	04/05/2006	8,037	0525-2005-2890-219-252-06958
Computers (3) and Accessories	Insight		97520	09/07/2007	3,093	8794-2007-2852-096-128-12989
						<u>\$ 266,576</u>

**UNITED SUMMIT CENTER, INC.**  
**STATEMENT OF BHHF FUNDING STATUS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

2009

**FOR STATE FISCAL YEAR-END JUNE 30, 2009**

<u>Grant Name</u>	<u>Account Number</u>	<u>Amount of Award</u>	<u>Earned &amp; Billed</u>		<u>Not Earned But Billed</u>		<u>Collected</u>
			<u>Through Period End</u>	<u>Through Period End</u>	<u>Through Period End</u>	<u>Through Period End</u>	
M.H. CORE Funds	0525-2009-2851-219-252/258	\$ 118,890	\$ 118,890	\$ -	\$ -	\$ 118,890	
Crisis Improvement Package	0525-2009-2851-219-252/258	165,121	165,121	-	-	165,121	
MR/DD CORE Services	0525-2009-2867-219-252/258	86,419	86,419	-	-	86,419	
Uncompensated Care	0525-2009-3065-219-252/258	918,436	918,436	-	-	918,436	
Support & Alternative Services	0525-2009-3041-219-252/258	281,003	281,003	-	-	281,003	
Family Support	0525-2009-2870-221-252/258	74,285	74,285	-	-	74,285	
Special Needs (T.P.)	0525-2009-2851-219-252/258	50,462	50,462	-	-	50,462	
Community Placement Former Colin Anderson	0525-2009-2870-803-252/258	9,969	9,969	-	-	9,969	
Care Coordinators Improvement	0525-2009-3701-219-252/258	165,725	165,725	-	-	165,725	
Community Supports Improvements	0525-2009-3702-219-252/258	27,621	27,621	-	-	27,621	
Clinical Outreach Services Liaison	0525-2009-3702-219-252/258	60,000	60,000	-	-	60,000	
Transitional Supportive Living	0525-2009-2851-219-252/258	663,000	663,000	-	-	663,000	
Case Management Liaison	0525-2009-2851-219-252/258	25,000	25,000	-	-	25,000	
PI Services	0525-2009-2885-219-252/258	110,000	110,000	-	-	110,000	
SA - Residential	0525-2009-2891-219-252/258	859,834	859,834	-	-	859,834	
SA - Adult	8793-2009-2885-096-128-15582	156,049	156,049	-	-	156,049	
SA - Adolescent	8793-2009-2892-096-128-15582	143,354	143,354	-	-	143,354	
Electronic Health Records	0525-2009-2849-219-252	8,000	8,000	-	-	8,000	
WV Data Infrastructure	8723-2009-2849-096-128-14014	25,500	25,500	-	-	25,500	
		<u>\$ 3,948,668</u>	<u>\$ 3,948,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,948,668</u>	



**UNITED SUMMIT CENTER, INC.**  
**STATEMENT OF BHHF FUNDING STATUS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

2009

**FOR STATE FISCAL YEAR-END JUNE 30, 2010**

<u>Grant Name</u>	<u>Account Number</u>	<u>Earned &amp; Billed</u>		<u>Not Earned But Billed</u>		<u>Collected</u>
		<u>Amount of Award</u>	<u>Through Period End</u>	<u>Through Period End</u>	<u>Through Period End</u>	
M.H. CORE Funds	0525-2010-2851-219-252/258	\$ 118,890	\$ 54,689	\$ -	\$ 64,201	\$ 54,689
Crisis Improvement Package	0525-2010-2851-219-252/258	165,121	82,561	-	82,560	82,561
MR/DD CORE Services	0525-2010-2867-219-252/258	86,419	43,212	-	43,207	43,212
Uncompensated Care	0525-2010-3065-219-252/258	1,202,296	457,770	-	744,526	457,770
Support & Alternative Services	0525-2010-3041-219-252/258	281,003	118,000	-	163,003	118,000
Family Support	0525-2010-2870-221-252/258	74,285	34,945	-	39,340	18,611
Special Needs (T.P.)	0525-2010-2851-219-252/258	54,000	21,981	-	32,019	12,523
Community Placement Former Colin Anderson	0525-2010-2870-803-252/258	10,900	4,158	-	6,742	2,473
Care Coordinators Improvement	0525-2010-3701-219-252/258	165,725	60,228	-	105,497	38,329
Community Supports Improvements	0525-2010-3702-219-252/258	27,621	19,283	-	8,338	12,092
Clinical Outreach Services Liaison	0525-2010-3702-219-252/258	60,000	30,041	-	29,959	21,724
Transitional Supportive Living	0525-2010-2851-219-252/258	663,000	406,393	-	256,607	361,265
Case Management Liaison	0525-2010-2851-219-252/258	25,000	13,094	-	11,906	10,882
PI Services	0525-2010-2885-219-252/258	99,000	-	-	99,000	-
SA - Residential	0525-2010-2891-219-252/258	1,185,447	489,594	-	695,853	393,043
SA - Adult	8793-2010-2885-096-128-16746	156,049	120,861	-	35,188	87,225
SA - Adolescent	8793-2010-2892-096-128-16746	143,354	66,737	-	76,617	38,539
Special Needs Forensic ACT	0525-2010-2851-219-252/258	185,809	48,314	-	137,495	27,273
		<u>\$ 4,703,919</u>	<u>\$ 2,071,861</u>	<u>\$ -</u>	<u>\$ 2,632,058</u>	<u>\$ 1,780,211</u>

UNITED SUMMIT CENTER, INC.  
STATEMENT OF BHHF FUNDING STATUS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

2008

FOR STATE FISCAL YEAR-END JUNE 30, 2008

Grant Name	Account Number	Earned & Billed		Not Earned But Billed		Collected	
		Amount of Award	Through Period End	Through Period End	Through Period End	Through Period End	Through Period End
M.H. CORE Funds	0525-2008-2851-219-252/258	\$ 118,890	\$ 118,890	\$ -	\$ -	\$ 118,890	\$ 118,890
Crisis Improvement Package	0525-2008-2851-219-252/258	165,121	165,121	-	-	165,121	165,121
MR/DD CORE Services	0525-2008-2867-219-252/258	86,419	86,419	-	-	86,419	86,419
Uncompensated Care	0525-2008-3065-219-252/258	915,540	915,540	-	-	915,540	915,540
Support & Alternative Services	0525-2008-3041-219-252/258	281,003	281,003	-	-	281,003	281,003
Family Support	0525-2008-2870-221-252/258	75,012	75,012	-	-	75,012	75,012
Special Needs (J.B.)	0525-2008-2877-219-252/258	51,966	51,966	-	-	51,966	51,966
Special Needs (T.P.)	0525-2008-2877-219-252/258	35,994	35,994	-	-	35,994	35,994
Care Coordinators Improvement	0525-2008-3701-219-252/258	163,937	163,937	-	-	163,937	163,937
Community Supports Improvements	0525-2008-3702-219-252/258	19,879	19,879	-	-	19,879	19,879
Clinical Outreach Services Liaison	0525-2008-3702-219-252/258	60,000	60,000	-	-	60,000	60,000
PI Services	0525-2008-2885-219-252/258	110,000	110,000	-	-	110,000	110,000
Transitional Supportive Living	0525-2008-3448-219-252/258	663,000	663,000	-	-	663,000	663,000
Case Management Liaison	0525-2008-2851-219-252/258	25,000	25,000	-	-	25,000	25,000
SA - Residential	0525-2008-2891-219-252/258	859,834	859,834	-	-	859,834	859,834
Community Placement Former Colin Anderson	0525-2008-2874-803-252/258	8,404	8,404	-	-	8,404	8,404
SA - Adult	8793-2008-2885-096-128-14152	156,049	156,049	-	-	156,049	156,049
SA - Adolescent	8793-2008-2892-096-128-14152	143,354	143,354	-	-	143,354	143,354
		<u>\$ 3,939,402</u>	<u>\$ 3,939,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,939,402</u>	<u>\$ 3,939,402</u>

UNITED SUMMIT CENTER, INC.  
STATEMENT OF BHHF FUNDING STATUS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

2008

FOR STATE FISCAL YEAR-END JUNE 30, 2009

Grant Name	Account Number	Earned & Billed		Not Earned		Collected
		Amount of Award	Through Period End	But Billed Through Period End	Not Billed Through Period End	
M.H. CORE Funds	0525-2009-2851-219-252/258	\$ 118,890	\$ 59,494	\$ -	\$ 59,396	\$ 59,494
Crisis Improvement Package	0525-2009-2851-219-252/258	165,121	82,560	-	82,561	82,560
MR/DD CORE Services	0525-2009-2867-219-252/258	86,419	43,208	-	43,211	43,208
Uncompensated Care	0525-2009-3065-219-252/258	688,103	457,770	-	230,333	457,770
Support & Alternative Services	0525-2009-3041-219-252/258	281,003	140,501	-	140,502	140,501
Family Support	0525-2009-2870-221-252/258	74,285	30,223	-	44,062	14,750
Special Needs (T.P.)	0525-2009-2851-219-252/258	54,000	21,100	-	32,900	14,898
Community Placement Former Colin Anderson	0525-2009-2870-803-252/258	10,900	5,199	-	5,701	3,646
Care Coordinators Improvement	0525-2009-3701-219-252/258	165,725	51,162	-	114,563	27,563
Community Supports Improvements	0525-2009-3702-219-252/258	27,621	5,255	-	22,366	4,037
Clinical Outreach Services Liaison	0525-2009-3702-219-252/258	60,000	44,809	-	15,191	26,842
Transitional Supportive Living	0525-2009-2851-219-252/258	663,000	341,272	-	321,728	275,841
Case Management Liaison	0525-2009-2851-219-252/258	25,000	21,029	-	3,971	12,353
PI Services	0525-2009-2885-219-252/258	110,000	63,425	-	46,575	25,620
SA - Residential	0525-2009-2891-219-252/258	859,834	583,702	-	276,132	379,483
SA - Adult	8793-2009-2885-096-128-15582	156,049	109,631	-	46,418	72,177
SA - Adolescent	8793-2009-2892-096-128-15582	143,354	89,437	-	53,917	54,903
Electronic Health Records	0525-2009-2849-219-252	8,000	-	-	8,000	-
WV Data Infrastructure	8723-2009-2849-096-128-14014	25,500	-	-	25,500	-
		<u>\$ 3,722,804</u>	<u>\$ 2,149,777</u>	<u>\$ -</u>	<u>\$ 1,573,027</u>	<u>\$ 1,695,646</u>

BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES  
 STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET  
 FOR COMPREHENSIVE AND MR/DD FACILITIES  
 ACCRUAL BASIS  
 UNITED SUMMIT CENTER

As of 12/31/2009  
 (YEAR-TO-DATE)

ASSETS

CURRENT ASSETS:

1.	Cash	2,047,077
2.	Short Term Investments	
3.	Accounts Receivable - OBHS	0
4.	Accounts Receivable - Client	3,173
5.	Accounts Receivable - Medicaid	707,035
6.	Accounts Receivable - Medicaid MR/DD Waiver	622,429
7.	Accounts Receivable - Other	139,260
8.	Inventory	
9.	Prepaid/Other	912,744
10.	TOTAL CURRENT ASSETS (Total of lines 1-9)	4,431,718

NON-CURRENT ASSETS:

FIXED ASSETS

11.	Property Land and Equipment - OBHS	266,575
12.	Less Accumulated Depreciation	(103,536)
13.	Property, Land and Equipment - Other	2,518,560
14.	Less Accumulated Depreciation	(1,714,840)
15.	Total Property Land and Equipment (NET)	966,759

OTHER NON-CURRENT ASSETS

16.	Long-Term Investments	4,790,200
17.	Other	
18.	TOTAL ASSETS (Total of lines 10, 15, 16 and 17)	10,188,677

LIABILITIES

CURRENT LIABILITIES:

19.	Accounts Payable	172,473
20.	Taxes Payable	302,193
20 A.	Provider Taxes Payable	
21.	Line of Credit - Payable	
22.	Short-Term Notes Payable	7,449
23.	Accrued Expenses	1,695,516
24.	Other Current Liabilities	13,163
25.	TOTAL CURRENT LIABILITIES (Total of lines 19 through 24)	2,190,794

LONG-TERM LIABILITIES:

26.	Long-Term Notes Payable	6,692
27.	Other Long-Term Liabilities	
28.	TOTAL LIABILITIES (Total of lines 25 26 and 27)	2,197,486

NET ASSETS

29.	Unrestricted Net Assets	7,991,191
30.	Temporarily Restricted Net Assets	
31.	Permanently Restricted Net Assets	
32.	TOTAL LIABILITIES AND NET ASSETS (Total of lines 28 through 31)	10,188,677

PREPARED BY -- TERENCE P DEL SIGNORE  
 Name of Provider: UNITED SUMMIT CENTER

DATE

**BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES  
STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT  
FOR COMPREHENSIVE AND MR/DD FACILITIES  
ACCRUAL BASIS  
UNITED SUMMIT CENTER**

12/31/2009

(YEAR-TO-DATE - 12 mos)

REVENUE AND SUPPORT

1	Charity Care	
1a	Charity Care - Account 4311 1	1,646,688
1b	Charity Care - Account 4311 2	940,498
1c	Charity Care - Account 4312 1	0
1d	Charity Care - Account 4312 2	73,687
1e	Charity Care - Account 4314 1	72,017
1f	Charity Care - Account 4314 2	16,874
1g	Charity Care - Account 4315 1	286,181
1h	Contr Write-Off Account 4337 1	1,449,170
1i	Charity Care Revenue - Account 4329	4,725,848
1j	Supprt/Alt Revenue - Account 4358	286,156
	Total	9,497,119
2.	Gross Client Service Revenue	27,988,347
3	Contractual Adjustments (Target Funds)	(1,646,688)
3a.	Contractual Adjustments (Non-Target Funds)	(13,125,574)
5	Net Client Service Revenue	13,216,085
	Net Client Service Revenue	
6	Medicaid (Target Funds)	178,745
6a	Medicaid (Non-Target Funds)	4,449,872
7	Medicaid MR/DD Waiver (Non-Target Funds)	7,496,793
8	ICF/MR (Non-Target Funds)	
9	Private Pay (Non-Target Funds)	
9a	Private Pay (OBHS Target Funds)	804,404
9b	Private Pay (OBHS Non-Target Funds)	92,984
10	Other Client Service Revenue (Target Funds)	
10a	Other Client Service Revenue (Non-Target Funds)	193,287
11	Total Net Client Service Revenue (Line 11 must agree with line 5)	13,216,085
12	OBHS Support	4,258,881
13	Other/Public Support	45,600
14	Other	949,005
15	TOTAL REVENUE AND SUPPORT (Total of line 11 through line 14)	18,469,571

EXPENSES

16.	Salaries	11,029,467
17	Fringe Benefits	2,516,040
18	Contractual Services	1,074,458
19	Provider Tax	76,888
19A	Bad Debts	84,225
19B	Bad Debts (BHHF Target Funds)	350,693
19C	Bad Debts (BHHF Non-Target Funds)	40,538
20.	Depreciation Expense	254,755
21	Other Expenses	2,337,790
22	TOTAL EXPENSES (Total of line 16 through line 21)	17,764,854
23.	NET INCOME (LOSS) (Line 15 minus line 22)	704,717

PREPARED BY -- TERENCE P DEL SIGNORE  
Name of Provider: UNITED SUMMIT CENTER

DATE

UNITED SUMMIT CENTER, INC.  
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Identifying State Grant Information</u>	<u>Period of Time</u>	<u>Amount of Award</u>	<u>Receipt of Funds</u>	<u>Expenditure of Funds</u>
Grant # G090260	07/01/2008-6/30/2009	\$ 3,397,901	\$ 2,055,199	\$ 1,673,006
Grant # G100011	07/01/2009-6/30/2010	4,404,516	<u>1,654,447</u>	<u>2,284,205</u>
		<u>\$ 3,709,646</u>	<u>\$ 3,709,646</u>	<u>\$ 3,957,211</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

Board of Directors  
United Summit Center, Inc.  
Clarksburg, West Virginia

We have audited the financial statements of United Summit Center, Inc. (a nonprofit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated March 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered United Summit Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Summit Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the United Summit 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, 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 United Summit Center, Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis.

Our 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 that might be deficiencies, significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control that we consider to be a significant deficiency. 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. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

### Compliance and Other Matters

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

United Summit Center, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit United Summit Center, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the board of directors, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Tetrah & Bartlett, PLLC*

March 10, 2010



UNITED SUMMIT CENTER, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2009

1. **Significant Deficiency - Segregation of Duties**

**Criteria:** Internal control should be implemented to the degree possible to assign to different individuals the responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction.

**Condition:** Responsibility for approving, executing and recording transactions and custody of the resulting asset arising from the transaction should be assigned to different individuals.

**Cause:** Responsibilities of approval, execution, recording and custody be distributed among the staff to the degree possible. However, complete segregation of duties is not economically feasible

**Effect:** Because of the failure to segregate duties, internal control structure elements do not reduce to a relatively low level the risk that errors or irregularities in amounts that would be more than inconsequential in relation to the financial statements being audited may occur and not be detected within a timely period by management in the normal course of performing their assigned functions.

**Entity's Response:** The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were larger. The Board agrees that complete segregation of duties is not economically feasible. However, to mitigate the effects of this significant deficiency, management will continue to segregate duties to the extent possible.