

WHEELING HEALTH RIGHT, INC.

WHEELING, WEST VIRGINIA

AUDIT REPORT

JUNE 30, 2009

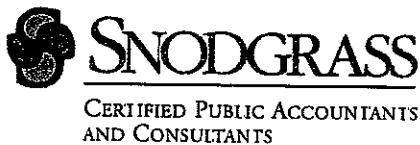
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Date Received

**WHEELING HEALTH RIGHT, INC.
JUNE 30, 2009**

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Independent Auditor's Report

Wheeling Health Right, Inc.
Wheeling, West Virginia

We have audited the accompanying statement of financial position of Wheeling Health Right, Inc (the "Organization") (a nonprofit organization) as of June 30, 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 the Organization, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, it is the Organization's policy not to record inventories of pharmaceuticals and medical supplies on hand as assets in the statement of financial position. In our opinion, this omission is not in accordance with accounting principles generally accepted in the United States of America ("U. S. GAAP"). The effect on the financial statements of this practice is not readily determinable.

In our opinion, except for the effect of the departure from U. S. GAAP as described in the third paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Wheeling Health Right, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with U. S. GAAP.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2009, on our consideration of Wheeling Health Right, 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 Wheeling Health Right, Inc. taken as a whole. The accompanying schedule of state grant revenue and expenditures is presented for purposes of additional analysis as required by terms of the Organization's state grant awards and is not a required part of the basic financial statements. 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

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Wheeling, West Virginia
October 22, 2009

Wheeling Health Right, Inc.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 171,054
Grants and accounts receivable	16,357
Unconditional promises to give	9,292
Total current assets	196,703

PROPERTY, PLANT, AND EQUIPMENT, AT COST

Buildings and improvements	1,345,997
Equipment	160,180
Accumulated depreciation	(225,877)
Net property, plant, and equipment	1,280,300

OTHER ASSETS

Investment securities	730,284
Beneficial interest in perpetual trust	872,309
Loan origination fees	12,427
Total other assets	1,615,020

TOTAL ASSETS

\$ 3,092,023

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 74,800
Accrued payroll, payroll taxes, and withholdings	43,958
Accrued interest payable	9,491
Deferred revenue	35,145
Capital lease obligation	14,661
Note payable	26,058
Total current liabilities	204,113

LONG-TERM LIABILITIES

Capital lease obligation, net of current	11,297
Note payable, net of current	1,232,914
Total long-term liabilities	1,244,211
Total liabilities	1,448,324

NET ASSETS

Unrestricted	91,782
Temporarily restricted	679,608
Permanently restricted	872,309
Total net assets	1,643,699

TOTAL LIABILITIES AND NET ASSETS

\$ 3,092,023

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

Wheeling Health Right, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
West Virginia Department of Health and Human Resources	\$ 670,278	\$ -	\$ -	\$ 670,278
Other grants and contracts	93,275	-	-	93,275
Contributions	339,782	122,428	-	462,210
Fees	134,002	-	-	134,002
Donated pharmaceuticals	6,276,950	-	-	6,276,950
Donated services and facilities	8,068,299	-	-	8,068,299
Fundraising and special events revenue	81,781	-	-	81,781
Investment income	14,629	-	-	14,629
Loss on sale of securities	(748)	-	-	(748)
Unrealized gain (loss) on sale of securities	(93,479)	-	(191,311)	(284,790)
Other income	5,503	-	-	5,503
Net assets released from restrictions	161,693	(161,693)	-	-
Total support and revenue	<u>15,751,965</u>	<u>(39,265)</u>	<u>(191,311)</u>	<u>15,521,389</u>
EXPENSES				
Program services	15,611,475	-	-	15,611,475
Management and general	226,933	-	-	226,933
Fundraising and special events	6,009	-	-	6,009
Total expenses	<u>15,844,417</u>	<u>-</u>	<u>-</u>	<u>15,844,417</u>
Changes in net assets	(92,452)	(39,265)	(191,311)	(323,028)
NET ASSETS, BEGINNING OF YEAR	<u>184,234</u>	<u>718,873</u>	<u>1,063,620</u>	<u>1,966,727</u>
NET ASSETS, END OF YEAR	<u>\$ 91,782</u>	<u>\$ 679,608</u>	<u>\$ 872,309</u>	<u>\$ 1,643,699</u>

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

Wheeling Health Right, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services	Management and General	Fundraising	Total
Salaries, wages, and contract services	\$ 797,561	\$ 127,254	\$ -	\$ 924,815
Payroll taxes	63,622	10,426	-	74,048
Health insurance and other benefits	53,263	8,728	-	61,991
Retirement plan	23,988	3,931	-	27,919
Utilities	17,905	2,263	-	20,168
Telephone	8,644	1,092	-	9,736
Insurance	28,477	3,599	-	32,076
Facilities costs and maintenance	7,241	613	-	7,854
Equipment costs and maintenance	7,004	1,738	-	8,742
Office and housekeeping supplies	12,693	2,751	-	15,444
Postage and printing	7,000	1,750	-	8,750
Travel	10,599	3,959	-	14,558
Professional fees	-	13,980	-	13,980
Dues and subscriptions	-	4,638	-	4,638
Medical supplies and equipment	49,049	-	-	49,049
Pharmaceuticals	58,641	-	-	58,641
Pharmaceuticals - donated	6,276,950	-	-	6,276,950
Donated facilities and services	8,068,299	-	-	8,068,299
Miscellaneous	5,999	20,653	6,009	32,661
Interest	66,540	10,637	-	77,177
Depreciation and amortization	48,000	8,921	-	56,921
Total	<u>\$ 15,611,475</u>	<u>\$ 226,933</u>	<u>\$ 6,009</u>	<u>\$ 15,844,417</u>

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

Wheeling Health Right, Inc.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (323,028)
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	56,390
Amortization	531
Loss on disposal of fixed assets	994
Change in market value of securities	284,790
Changes in assets and liabilities:	
Grant and accounts receivable	(2,146)
Unconditional promises to give	3,086
Accounts payable	24,701
Accrued payroll and related benefits	(30,288)
Other accrued expenses	1,189
Deferred revenue	(59,064)
Net cash used in operating activities	(42,845)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of securities	(106,181)
Proceeds from sale of securities	168,550
Purchase of fixed assets	(42,786)
Net cash provided by investing activities	19,583

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on notes and leases	(35,106)
Net cash used in financing activities	(35,106)

Net decrease in cash and cash equivalents (58,368)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 229,422

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 171,054

Supplemental disclosures:

Non-cash activities:	
Interest paid	\$ 77,363

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

Wheeling Health Right, Inc.
SCHEDULE OF STATE GRANT REVENUE AND EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2009

<u>Grantor/Project Title</u>	<u>Award/Grant Number</u>	<u>Revenue</u>	<u>Expenditures</u>
State of West Virginia Department of Health and Human Resources			
Family Planning Program	FP092093	\$ 23,280	\$ 23,280
Breast and Cervical Cancer Screening Program	BC081061, BC091070	26,998	26,998
Health Right/free clinic primary care services	G090359	575,000	575,000
Primary care/mortgage finance	G090092	<u>45,000</u>	<u>45,000</u>
Total state awards		<u>\$ 670,278</u>	<u>\$ 670,278</u>

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

Wheeling Health Right, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The mission of Wheeling Health Right, Inc. (the "Organization") is to provide charitable, free medical care and pharmaceuticals to residents who fall below federal poverty guidelines and live in Ohio, Marshall, Wetzel, and southern Brooke Counties in West Virginia and Belmont County in Ohio. A majority of the Organization's funding is through state contracts and grants, contributions, and donated services and pharmaceuticals.

Basis of Accounting

The financial statements of Wheeling Health Right, Inc. have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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. In addition, the Organization is required to present a statement of cash flows.

Contributions

The Organization has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with this, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of the donor restrictions.

Investments

Wheeling Health Right, Inc.'s investments are presented in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Promises to Give

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. 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. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Wheeling Health Right, Inc.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of donated noncash assets are recorded at their fair values in the period received. These assets primarily consist of pharmaceuticals. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates for United States Government securities. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not recorded as support until the conditions are substantially met.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Major renewals and betterments which extend the useful life of an asset are capitalized; routine maintenance and repairs are expensed as incurred. Equipment and facilities maintenance and repairs charged against earnings were approximately \$9,866 for the year ended June 30, 2009.

Upon sale or retirement of these assets, the asset cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows: buildings and improvements - 40 years; furniture and equipment - 3 to 10 years. Depreciation charged to operations was \$56,390 for the year ended June 30, 2009.

Inventories

Most medical supplies and pharmacy items used by the Organization are contributed by donors. The Organization's policy is to expense these items when purchased or when they are received as a donation. Generally accepted accounting principles require that the supplies and pharmaceuticals on hand at the report date be recorded as an asset on the statement of financial position at the lower of cost or contributed value, or market. The effect on the financial statements of not recording the inventory at year end cannot be readily determined.

Income Taxes

Wheeling Health Right, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Wheeling Health Right, Inc. had no unrelated business income for the year ended June 30, 2009.

Wheeling Health Right, Inc.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 may differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of 3 months or less to be cash equivalents

NOTE 2 – RETIREMENT PLAN

Effective November 1, 2007, Wheeling Health Right, Inc established a retirement plan for its eligible employees under a tax sheltered annuity arrangement, or 403(b) Thrift Plan. To be eligible for employer based contributions and participate in the new plan, employees must be aged 21 or older with at least one year of service completing 1,000 hours of service. Employees are vested upon completion of 3 years of vesting service. Employer based contributions will be made to all eligible employees meeting the age and service requirements, totaling 5 percent of the employee's compensation received during the plan year (August 1 to July 31) while the employee satisfied the participation requirements for the employer based contributions, regardless of whether the employee has made salary reduction contributions to the plan, or is an employee on the accounting date of the plan year.

Prior to November 1, 2007, Wheeling Health Right, Inc. maintained an employee retirement system commonly referred to as a Simplified Employee Pension (SEP) plan. The program was made available to all employees aged 18 years and over who had completed 6 months of service. Under this program, a percentage of salary (as determined by the Board of Directors) was paid into the individual retirement account or other retirement investment vehicle of the employee's choice. Employees were provided with the option to roll-over these accounts into the new plan.

During the fiscal year ending June 30, 2009, Wheeling Health Right, Inc. contributed \$27,919 to employee plans under the above agreements.

NOTE 3 - DONATED SUPPLIES, FACILITIES, AND SERVICES

Wheeling Health Right, Inc., in an attempt to better reflect support received from local physicians and pharmaceutical companies, as well as the amount of medicines distributed to patients, assigns an estimated value to the donated drugs and pharmaceutical supplies received based on current values provided by pharmaceutical suppliers and confirms the amount of donated services provided by these facilities on behalf of Wheeling Health Right, Inc's clients.

Wheeling Health Right, Inc.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3 - DONATED SUPPLIES, FACILITIES, AND SERVICES (CONTINUED)

The amount of donated services for the year ended June 30, 2009, included in the financial statements and corresponding expenditures are as follows:

Ohio Valley Medical Center	\$ 1,776,240
Wheeling Hospital, Inc and affiliates*	2,796,380
Wetzel County Hospital	622,509
East Ohio Regional Hospital	1,106,670
Reynolds Memorial Hospital	1,145,804
Sistersville General Hospital	145,711
Northwood Health Systems	74,629
Doctor office and other clinic visits	<u>400,356</u>
 Total	 <u>\$ 8,068,299</u>

* This amount includes Belmont Community Hospital

NOTE 4 - INVESTMENT SECURITIES

In order to honor the wishes of the donor to provide funds for future operational utilization, the Board approved the establishment of the Marilyn Weidle Trust and restricted access to the trust assets and income earned on these assets for a period of 5 years. At the end of this 5-year period, the Organization may use only the income from the Trust to support its operations. Since the five year requirement has been met, income from the trust is reported as unrestricted in the statement of activities. Income from the trust is used to cover investment fees.

At June 30, 2009, investments held in the Trust Fund, at fair value, were comprised of the following:

Wesmark Growth Fund	\$ 259,990
Wesmark Government Bond Fund	126,438
Wesmark Balanced Fund	112,613
Wesmark Small Company Growth Fund	36,602
Federated Prime Obligations Fund 396	<u>79,992</u>
 Total trust fund investments	 <u>\$ 615,635</u>

The following summarizes unrealized gains and losses of the investments:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Balance June 30, 2009	\$ 743,519	\$ 615,635	\$ (127,884)

Investment fees for the year ending June 30, 2009, amounted to \$6,424

Wheeling Health Right, Inc.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 4 - INVESTMENT SECURITIES (CONTINUED)

The Organization also maintains investments in a separate Wesmark Mutual Funds Money Market Account. The balance in this account at June 30, 2009, was \$114,649. The fund includes dividends earned on the account of \$2,236. Temporarily restricted Windshimer donations and part of the Meagel Trust distributions are maintained in this account.

NOTE 5 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2009, are available for the following:

Time restrictions (assets to be held for future use)	\$ 458,807
Purpose restrictions (building/equipment needs, diabetes program)	<u>220,801</u>
Total	<u>\$ 679,608</u>

Permanently restricted net assets at June 30, 2009, are available for the following:

Beneficial interest in perpetual trust	<u>\$ 872,309</u>
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NOTE 6 - SPLIT-INTEREST AGREEMENTS

The Organization has been named as one of many beneficiaries of a perpetual trust established by a donor at a local financial institution. The basis for the Organization's interest in the perpetual trust is one twentieth (1/20) of the fair market value of the assets of the respective trust. The Organization is entitled only to the income generated by these assets. The beneficial interest is recorded as permanently restricted as indicated in Note 5. An unrealized loss of approximately \$191,311 is recorded in the statement of activities as of June 30, 2009, to reflect the Organization's share of the decline in market values of the respective trust.

NOTE 7 - LINE OF CREDIT

Wheeling Health Right, Inc. has an open line of credit in the amount of \$75,000 with a local financial institution. This line of credit is used periodically to supplement cash flow of the Organization while awaiting grant reimbursement. As of June 30, 2009, there was no outstanding balance due on the line of credit.

NOTE 8 - CONTINGENCIES

Wheeling Health Right, Inc. receives a substantial amount of its support in the form of donated pharmaceuticals and services. A significant reduction in contributions from a major benefactor could have an adverse affect on the Organization's ability to achieve its mission. Wheeling Health Right, Inc. also receives much of its cash support from the West Virginia Department of Health and Human Resources in the form of grants. A significant reduction in this support would have a major adverse effect on the operations of the Organization.

Wheeling Health Right, Inc.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 9 - NOTE PAYABLE

Wheeling Health Right, Inc. financed the acquisition and renovation of its building located at 29th Street in Wheeling through a loan at WesBanco Bank. The loan provides for a maximum borrowing limit of \$1.3 million. Principal and interest payments, at an annual rate of 5.90 percent, are due quarterly with a final maturity of November 15, 2032. The building and renovations and the trust account discussed in Note 4 are pledged as collateral on the loan. The outstanding balance on the loan at June 30, 2009, was \$1,258,972.

Scheduled principal payments on this debt are as follows for the years ending June 30:

2010	\$ 26,058
2011	27,630
2012	29,297
2013	31,064
2014	32,937
Thereafter	<u>1,111,986</u>
Total	<u>\$ 1,258,972</u>

NOTE 10 - CAPITAL LEASE

The Organization acquired office equipment under a capital lease expiring in the fiscal year ending June 30, 2011. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is shown as depreciation expense in the fiscal year ended June 30, 2009.

Depreciation on assets under capital leases charged to expense in 2009 was \$12,567.

The following is a summary of property held under capital leases:

Equipment	\$ 62,834
Less accumulated depreciation	<u>(37,700)</u>
Net	<u>\$ 25,134</u>

Wheeling Health Right, Inc.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 10 – CAPITAL LEASE (CONTINUED)

Minimum future lease payments under capital leases as of June 30, 2009, are as follows:

<u>Year Ended</u>	<u>Amount</u>
2010	\$ 17,780
2011	<u>13,970</u>
Total minimum lease payments	31,750
Less amount representing interest	<u>(5,792)</u>
Present value of net minimum lease payment	<u>\$ 25,958</u>

The implicit interest rate on capitalized lease is 8.0 percent. Interest expense recognized on the lease during the year ended June 30, 2009, was \$2,228.

NOTE 11 - FAIR VALUE MEASUREMENTS

Effective July 1, 2008, Wheeling Health Right adopted the provisions of FAS No. 157, *Fair Value Measurements*, for financial assets and financial liabilities. FAS No. 157 provides enhanced guidance for using fair value to measure assets or liabilities. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances. The FASB issued Staff Position No. 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements that Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*, which removed leasing transactions accounted for under FAS No. 13 and related guidance from the scope of FAS No. 157. The FASB also issued Staff Position No. 157-2, *Partial Deferral of the Effective Date of Statement 157*, which deferred the effective date of FAS No. 157 for all nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008.

FAS No 157 establishes a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring assets and liabilities at fair value. The three broad levels defined by FAS No 157 hierarchy are as follows:

Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level II: Pricing inputs other than quoted prices available in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available, but traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

Wheeling Health Right, Inc.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 11 - FAIR VALUE MEASUREMENTS (CONTINUED)

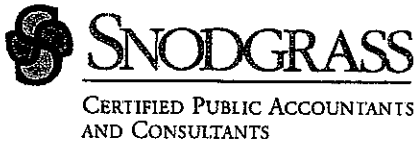
Level III: Assets or liabilities that have little or no pricing observability as of the reported date. These items do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

The following table presents assets reported on the financial statements at their fair value as of June 30, 2009, by level within the fair value hierarchy. As required by SFAS No. 157, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets:				
Investment securities	\$ 603,846	\$ 126,438	\$ -	\$ 730,284
Beneficial interest in perpetual Trust	<u>643,919</u>	<u>228,390</u>	<u>-</u>	<u>872,309</u>
Total	<u>\$ 1,247,765</u>	<u>\$ 354,828</u>	<u>\$ -</u>	<u>\$ 1,602,593</u>

NOTE 12 - SUBSEQUENT EVENTS

Wheeling Health Right, Inc. assessed events occurring subsequent to June 30, 2009, through October 22, 2009, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements which were issued October 22, 2009.



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

Board of Directors
Wheeling Health Right, Inc.
Wheeling, West Virginia

We have audited the financial statements of Wheeling Health Right, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated October 22, 2009. In our report, our opinion was qualified because the Organization does not record pharmaceutical and medical supplies inventories. 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 Wheeling Health Right, 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 Wheeling Health Right, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wheeling Health Right, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting (See Finding 2009-01)

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheeling Health Right, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Wheeling Health Right, Inc. in a separate letter dated October 22, 2009.

Wheeling Health Right, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Wheeling Health Right, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization and federal and state grantor agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.



Wheeling, West Virginia
October 22, 2009

DHHR - Finance

MAY 20 2010

Date Received

**WHEELING HEALTH RIGHT, INC
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009**

Finding 2009-01. Accounting for Pharmaceuticals and Medical Supplies

Criteria: Donated supplies should be valued based upon the lower of cost/donated value or market value on or near the date the items are received. In addition, year end inventory balances should be properly recorded as an asset on the financial statements of the Organization.

Condition: There is a lack of controls over the valuation of donated pharmaceuticals and the methods applied in accounting for inventory balances at year end.

- During fiscal year 2009, the Organization attempted to value donated pharmaceuticals on a periodic basis as per our recommendations in the previous year's audit. However, numerous adjustments had to be made to the inventory tracking spreadsheet due to missing and uncalculated unit costs. In addition, significant errors were noted in the calculations included on the worksheets.
- In addition, year end inventory, as of the fiscal year end date, was not performed and, therefore, inventory on hand was not included in the fiscal year end financial statements.

Effect: Although there is no net financial statement effect on the valuation of pharmaceuticals, a more reliable valuation process will provide the Organization with a more accurate account of actual contribution amounts. In regard to inventory on hand, the Organization's financial statements were understated regarding total assets on hand at year end. A qualified audit opinion was rendered as a result of this departure from U S generally accepted accounting principles.

Cause: Organization personnel had difficulty with the spreadsheet used to value donated pharmaceuticals and there was not sufficient staff available to perform June 30, 2009, inventories.

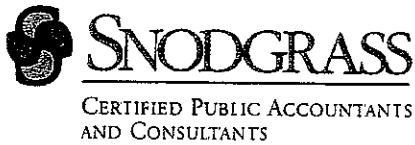
Recommendation: We recommend that the Organization consider using a revised spreadsheet to eliminate inputting information twice and reduce input errors. This spreadsheet, along with any documentation on donated pharmaceuticals tracked separately such as Pfizer, should then be forwarded to the Finance Director to review for completeness and to record in the general ledger. The Organization should evaluate resources available to assist in conducting year end inventories.

View of responsible officials and planned corrective actions:

Management Response

Wheeling Health Right, Inc. intends to use the revised spreadsheet to input donated pharmaceuticals, and the spreadsheet will be forwarded to the Finance Director to review for completeness and to record in the general ledger.

In addition, Wheeling Health Right, Inc. intends to purchase Data Net Solutions Pharmaceuticals Inventory Software, which will allow every donated and purchased medication to be immediately uploaded into the software via barcode scanner and multiple reports will be available to view. Management plans to have the software in place and operational by January 1, 2010.



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

Board of Directors
Wheeling Health Right, Inc.
Wheeling, West Virginia

We have audited the financial statements of Wheeling Health Right, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated October 22, 2009. In our report, our opinion was qualified because the Organization does not record pharmaceutical and medical supplies inventories. 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 Wheeling Health Right, 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 Wheeling Health Right, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wheeling Health Right, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. (See Finding 2009-01.)

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheeling Health Right, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Wheeling Health Right, Inc. in a separate letter dated October 22, 2009.

Wheeling Health Right, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Wheeling Health Right, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization and federal and state grantor agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.



Wheeling, West Virginia
October 22, 2009

WHEELING HEALTH RIGHT, INC
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2009-01. Accounting for Pharmaceuticals and Medical Supplies

Criteria: Donated supplies should be valued based upon the lower of cost/donated value or market value on or near the date the items are received. In addition, year end inventory balances should be properly recorded as an asset on the financial statements of the Organization.

Condition: There is a lack of controls over the valuation of donated pharmaceuticals and the methods applied in accounting for inventory balances at year end.

- During fiscal year 2009, the Organization attempted to value donated pharmaceuticals on a periodic basis as per our recommendations in the previous year's audit. However, numerous adjustments had to be made to the inventory tracking spreadsheet due to missing and uncalculated unit costs. In addition, significant errors were noted in the calculations included on the worksheets.
- In addition, year end inventory, as of the fiscal year end date, was not performed and, therefore, inventory on hand was not included in the fiscal year end financial statements.

Effect: Although there is no net financial statement effect on the valuation of pharmaceuticals, a more reliable valuation process will provide the Organization with a more accurate account of actual contribution amounts. In regard to inventory on hand, the Organization's financial statements were understated regarding total assets on hand at year end. A qualified audit opinion was rendered as a result of this departure from U. S. generally accepted accounting principles.

Cause: Organization personnel had difficulty with the spreadsheet used to value donated pharmaceuticals and there was not sufficient staff available to perform June 30, 2009, inventories.

Recommendation: We recommend that the Organization consider using a revised spreadsheet to eliminate inputting information twice and reduce input errors. This spreadsheet, along with any documentation on donated pharmaceuticals tracked separately such as Pfizer, should then be forwarded to the Finance Director to review for completeness and to record in the general ledger. The Organization should evaluate resources available to assist in conducting year end inventories.

View of responsible officials and planned corrective actions:

Management Response

Wheeling Health Right, Inc. intends to use the revised spreadsheet to input donated pharmaceuticals, and the spreadsheet will be forwarded to the Finance Director to review for completeness and to record in the general ledger.

In addition, Wheeling Health Right, Inc. intends to purchase Data Net Solutions Pharmaceuticals Inventory Software, which will allow every donated and purchased medication to be immediately uploaded into the software via barcode scanner and multiple reports will be available to view. Management plans to have the software in place and operational by January 1, 2010.

October 29, 2009

MANAGEMENT RESPONSE TO AUDIT OF FINANCIAL STATEMENTS OF WHEELING HEALTH RIGHT, INC. FOR YEAR ENDED JUNE 30, 2009:

Finding 2009-01. Accounting for Pharmaceuticals and Medical Supplies

Criteria: Donated supplies should be valued based upon the lower of cost/donated value or market value on or near the date the items are received. In addition, year end inventory balances should be properly recorded as an asset on the financial statement of the Organization.

Condition: There is a lack of controls over the valuation of donated pharmaceuticals and the methods applied in accounting for inventory balances at year end.

- During fiscal year 2009, the organization attempted to value donated pharmaceuticals on a periodic basis as per our recommendations in the previous year's audit. However, numerous adjustments had to be made to the inventory tracking spreadsheet due to missing and uncalculated unit costs. In addition, significant errors were noted in the calculations included on the worksheets.
- In addition, year end inventory, as of the fiscal year end date, was not performed and, therefore, inventory on hand was not included in the fiscal year end financial statements.

Effect: Although there is no net financial statement effect on the valuation of pharmaceuticals, a more reliable valuation process will provide the Organization with a more accurate account of actual contribution amounts. In regard to inventory on hand, the Organization's financial statements were understated regarding total assets on hand at year end. A qualified audit opinion was rendered as a result of this departure from U. S. generally accepted accounting principles.

Cause: Organization personnel had difficulty with the spreadsheet used to value donated pharmaceuticals and there was not sufficient staff available to perform June 30, 2009 inventories.

Recommendations: We recommend that the Organization consider using a revised spreadsheet to eliminate inputting information twice and reduce input errors. This spreadsheet, along with any documentation on donated pharmaceuticals tracked separately such as Pfizer, should then be forwarded to the Finance Director to review for completeness and to record in the general ledger. The Organization should evaluate resources available to assist in conducting year end inventories.

View of responsible officials and planned corrective actions:

Management Response:

Wheeling Health Right intends to use the revised spreadsheet to input donated pharmaceuticals and the spreadsheet will be forwarded to the Finance Director to review for completeness and to record in the general ledger.

In addition, Wheeling Health Right intends to purchase Data Net Solutions Pharmaceuticals Inventory Software which will allow every donated and purchased medication to be immediately uploaded into the software via barcode scanner and multiple reports will be available to view. Management plans to have the software in place and operational by January 1, 2010.