

HEALTH ACCESS, INC.

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INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS

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JUNE 30, 2010

DHHR - Finance

MAY 16 2011

Date Received

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**Tetrick & Bartlett, PLLC**  
Certified Public Accountants  
Consultants

122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • www.tetrickbartlett.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Health Access, Inc.  
Clarksburg, West Virginia

We have audited the accompanying statement of financial position of Health Access, Inc. (a nonprofit organization) as of June 30, 2010, and the related statements of activities 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 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 that our audit provides a reasonable basis for our opinion.

As explained in Note 1 to the financial statements, significant amounts of services and supplies have been donated to Health Access, Inc. for the year ended June 30, 2010, and have not been recorded in the financial statements. In our opinion, accounting principles generally accepted in the United States of America require that such donations be recorded at their fair value at the date of receipt. It was not practical to determine the effects of the unrecorded donations on the financial statements.

In our opinion, except for the effects of not recording services and supplies received by gift, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Health Access, Inc., as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Health Access, Inc.

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In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2010 on our consideration of Health Access, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 important for assessing the results of our audit

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Health Access, Inc. taken as a whole. The accompanying schedule of state grant receipts and expenditures is presented for purposes of additional analysis 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.

*T. Tucker + Bartlett, PLLC*

November 26, 2010

DHHR - Finance

MAY 16 2011

Date Received

HEALTH ACCESS, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010

ASSETS

<b>Current Assets</b>	
Cash	\$ 156,892
Prepaid assets	<u>1,844</u>
Total current assets	<u>158,736</u>
<b>Noncurrent Assets</b>	
Unamortized debt expense	<u>1,036</u>
<b>Assets whose use is limited:</b>	
By Board for facilities	<u>26,603</u>
<b>Property and Equipment:</b>	
Building	521,147
Furniture and fixtures	8,063
Office equipment	86,879
Medical equipment	<u>3,385</u>
	619,474
Less: Accumulated depreciation	<u>(89,816)</u>
Net property and equipment	<u>529,658</u>
Total noncurrent assets	<u>557,297</u>
<b>TOTAL ASSETS</b>	<u>\$ 716,033</u>

## LIABILITIES AND NET ASSETS

### Current Liabilities

Accrued payroll taxes	\$ 9,863
Accounts Payable	4,030
Current portion of long-term debt	6,103
Accrued paid leave	<u>23,537</u>
Total current liabilities	<u>43,533</u>

### Long-Term Liabilities

Note payable	<u>181,605</u>
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Total liabilities	<u>225,138</u>
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### Net Assets

Unrestricted	<u>490,895</u>
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Total net assets	<u>490,895</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 716,033</u></u></b>
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The accompanying independent auditor's report and notes are integral parts of this statement.

HEALTH ACCESS, INC.  
STATEMENT OF ACTIVITIES AND  
CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
<b>Public Support, Grants and Revenues</b>			
Direct public support	\$ 28,774	\$ -	\$ 28,774
Dr. Datta Seminar	30,000	-	30,000
United Way	60,306	-	60,306
United Hospital Center	10,000	-	10,000
Dominion	20,000	-	20,000
Interest income	2,898	-	2,898
George F. & Ella P Evans Foundation Grant	30,000	-	30,000
Harrison County	20,000	-	20,000
City of Clarksburg	2,000	-	2,000
State Grant income	224,286	-	224,286
Breast and Cervical Cancer Program	7,400	-	7,400
Fee Income	36,191	-	36,191
Wisewoman	4,197	-	4,197
State of West Virginia Pharmacy Grant	54,833	-	54,833
Medical Home Project Grant	5,000	-	5,000
Other fund-raising income	6,719	-	6,719
Net assets released from restrictions:			
Restriction satisfied by expenditure of funds	-	-	-
Total Public Support, Grants and Revenues	<u>542,604</u>	<u>-</u>	<u>542,604</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

HEALTH ACCESS, INC.  
STATEMENT OF ACTIVITIES AND  
CHANGES IN NET ASSETS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
<b>Expenses</b>			
Program expenses:			
Salaries and wages	\$ 278,949	-	\$ 278,949
Payroll taxes	24,349	-	24,349
Telephone	7,151	-	7,151
Postage	2,074	-	2,074
Accounting and legal fees	12,292	-	12,292
Contract services	10,224	-	10,224
Repairs and maintenance	5,278	-	5,278
Operating supplies	15,763	-	15,763
Taxes and licenses	8,746	-	8,746
Dues and subscriptions	1,023	-	1,023
Insurance	6,475	-	6,475
Depreciation and amortization	13,299	-	13,299
Travel	4,728	-	4,728
Interest expense	12,415	-	12,415
Utilities	6,807	-	6,807
Miscellaneous	2,953	-	2,953
Total program expenses	<u>412,526</u>	<u>-</u>	<u>412,526</u>
Fund-raising expenses:			
Other fund-raising	326	-	326
Total fund-raising expenses	<u>326</u>	<u>-</u>	<u>326</u>
Total expenses	412,852	-	412,852
Change in net assets	129,752	-	129,752
Net assets at beginning of year (restated)	<u>361,143</u>	<u>-</u>	<u>361,143</u>
Net assets at end of year	<u>\$ 490,895</u>	<u>-</u>	<u>\$ 490,895</u>

The accompanying independent auditor's report and notes are integral parts of this statement



**HEALTH ACCESS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 129,752	
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,299	
(Increase) decrease in:		
Prepaid assets	72	
Interest receivable	4,160	
Increase (decrease) in:		
Accounts Payable	4,030	
Accrued payroll taxes	1,879	
Accrued paid leave	<u>4,262</u>	
Net cash provided by operating activities		\$ 157,454
<b>Cash Flows From Investing Activities</b>		
Payments for property and equipment	(283,398)	
Decrease in assets whose use is limited	<u>150,577</u>	
Net cash (used in) investing activities		(132,821)
<b>Cash Flows From Financing Activities</b>		
Repayment of long-term debt	<u>(5,716)</u>	
Net cash (used in) financing activities		<u>(5,716)</u>
Increase in cash		18,917
Cash at beginning of year		<u>137,975</u>
Cash at end of year		<u>\$ 156,892</u>

During the year ended June 30, 2010, Health Access, Inc. paid interest totaling \$12,415.

The accompanying independent auditor's report and notes are integral parts of this statement.

HEALTH ACCESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010

1. **Summary of Significant Accounting Policies**

**Nature of Activities**

Health Access, Inc. is a nonprofit community health care facility, organized for the purpose of providing health care services to needy residents of Clarksburg, West Virginia, and the surrounding areas.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its 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.

**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.

**Designation of Unrestricted Net Assets**

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

**Cash**

For purposes of the statement of cash flows, the organization considers cash to be cash and cash equivalents.

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. The total cash held by the Organization at June 30, 2010 was covered by insurance provided by the federal government.

**Land, Property and Equipment**

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the asset.

**HEALTH ACCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Donated Property and Equipment**

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Donated Services and Medical Supplies**

Volunteers have donated significant amounts of time to Health Access, Inc. In addition, significant amounts of medical supplies have been donated. No amounts have been reflected in the statements for these donations for the year ended June 30, 2010.

**Public Support, Grants, and Revenues**

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give that are designated for future periods are recorded at their net realizable value, and classified as temporarily restricted net assets. 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.

Grants and other contributions of cash would normally be classified as temporarily restricted support if they were received with donor stipulations that limit the use of the donated assets. However, all contributions are routinely expended per donor wishes in the year received. As the donor's preferences are satisfied in the current year's activities, SFAS No. 116 recommends treating these grants and contributions as unrestricted.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Uncollectible promises to give are written off when they are determined to be uncollectible.

**Income Taxes**

Health Access, Inc. is a nonprofit organization under Internal Revenue Code Section 501(c)(3) and is exempt from federal and state income taxes.

HEALTH ACCESS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2010

**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

**2. Cash**

Health Access, Inc. is required by the West Virginia State Tax Department to maintain separate checking accounts for its bingo and raffle fund-raising activities. During the prior year, the bingo and raffle activities ceased, therefore there is no balance in these accounts at June 30, 2010.

**3. Prepaid Assets**

Prepaid assets at June 30, 2010, consist of the following:

Prepaid insurance	\$ 1,307
Utilities Deposit	<u>537</u>
Total	<u>\$ 1,844</u>

**4. Assets Whose Use is Limited**

The composition of the assets whose use is limited at June 30, 2010, is set forth below:

By Board for facilities:	
Cash	<u>\$ 26,603</u>

**HEALTH ACCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**5. Notes Payable**

The Organization's obligation under notes payable consists of the following:

6.5% note payable, due in 220 monthly installments of \$1,510, including interest, through October 1, 2027, (followed by a balloon payment of \$175) secured by a Deed of Trust on the building

Total due	\$ 187,708
Less: current portion	<u>(6,103)</u>
 Non current portion	 <u>\$ 181,605</u>

The future scheduled maturities of long-term debt are as follows:

<u>Years ending June 30,</u>	
2011	6,103
2012	6,512
2013	6,948
2014	7,414
2015	7,910
Thereafter	<u>152,821</u>
	 <u>\$ 187,708</u>

**6. Temporarily Restricted Net Assets**

There were no temporarily restricted net assets at June 30, 2010.

HEALTH ACCESS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2010

**7. Subsequent Events**

The Organization's management evaluated the effect subsequent events would have on the financial statements through November 26, 2010 which is the date the financial statements were available to be issued.

**8. Restatement of Net Assets**

It was determined during the audit that the net assets at the beginning of the year ended June, 30 2009 required restatement as follows:

Net assets, beginning of the year	<u>Unrestricted</u> \$ 371,904
Understatement of accrued paid leave	<u>(10,761)</u>
Net assets, beginning of the year, restated	<u>\$ 361,143</u>

HEALTH ACCESS, INC.  
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2010

<u>Identifying State Grant Information</u>	<u>Period of Time</u>	<u>Amount of Award</u>	<u>Receipt of Funds</u>	<u>Expenditure (Refund) of Funds</u>
DHHR - Health Right/Free Clinic #G100110	07/01/09-06/30/10	\$ 224,286	\$ 224,286	\$ 224,286
WV GO HELP OFFICE- NO NUMBER AVAILABLE	06/25/09-08/31/09	<u>54,833</u>	<u>54,833</u>	<u>54,833</u>
		<u>\$ 279,119</u>	<u>\$ 279,119</u>	<u>\$ 279,119</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***

To the Board of Directors  
Health Access, Inc.  
Clarksburg, West Virginia

We have audited the financial statements of Health Access, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated November 26, 2010, which was qualified due to the failure of the Organization to record donated services. 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 Health Access, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Health Access, Inc.'s internal control over financial reporting.

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



Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified a certain deficiency in internal control over financial reporting described below that we consider to be a material weakness in internal control over financial reporting. 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.

### 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 is not assigned to different individuals.

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

**Effect:** Because of the failure to segregate duties, internal control elements do not reduce to a relatively low level the risk that 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 material weakness, the Board of Directors will remain involved in the financial affairs and the organization to provide oversight and independent review functions.

Health Access, Inc.'s written response to the material weakness identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Health Access, 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*.

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

*Tetrick + Barrett, PLLC*

November 26, 2010

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MAY 16 2011

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**Tetrick & Bartlett, PLLC**  
*Certified Public Accountants  
Consultants*

122 N Oak St • PO Box 1916 • Clarksburg WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • www.tetrickbartlett.com

November 26, 2010

To the Board of Directors  
Health Access, Inc.

We have audited the financial statements of Health Access, Inc. for the year ended June 30, 2010, and have issued our report thereon dated November 26, 2010. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibilities under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Health Access, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending June 30, 2010. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimate affecting the financial statements was:

Management's estimate of the accumulated depreciation and depreciation expense is based on the estimated useful service lives of the various classes of property. We evaluated the key factors and assumptions used to develop the accumulated depreciation and depreciation expense in determining that is reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Board of Directors  
Health Access, Inc.

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This information is intended solely for the use of the Board of Directors and management of Health Access, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Tetrick & Bartlett, PLLC*

Tetrick & Bartlett, PLLC

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