

BECKLEY HEALTH RIGHT, INC.

FINANCIAL REPORT

JUNE 30, 2010

DHHR - Finance

MAY 23 2011

Date Received

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INDEPENDENT AUDITORS' REPORT

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### FINANCIAL STATEMENTS

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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Beckley Health Right, Inc.  
Beckley, West Virginia

We have audited the statement of financial position of Beckley Health Right, Inc. (a West Virginia nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Beckley Health Right, Inc. as of and for the year ended June 30, 2009, were audited by other auditors whose report dated January 11, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beckley Health Right, 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.

*Toothman Rice PLLC*

Bridgeport, West Virginia  
February 04, 2011

BECKLEY HEALTH RIGHT, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009

	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalent	\$ 289,907	\$ 264,619
Receivable from West Virginia Health Right pharmacy program	12,447	17,871
Prepaid expense	2,104	2,244
Total current assets	<u>304,458</u>	<u>284,734</u>
<b>EQUIPMENT, at cost</b>		
Office equipment	24,228	21,978
Less accumulated depreciation	17,953	15,604
	<u>6,275</u>	<u>6,374</u>
<b>TOTAL ASSETS</b>	<u>\$ 310,733</u>	<u>\$ 291,108</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,611	\$ 691
Accrued liabilities	35,624	28,633
Deferred revenue	23,744	54,833
Total current liabilities	62,979	84,157
<b>UNRESTRICTED NET ASSETS</b>	<u>247,754</u>	<u>206,951</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 310,733</u>	<u>\$ 291,108</u>

The Notes to Financial Statements are an integral part of these statements.

BECKLEY HEALTH RIGHT, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2010 and 2009

	2010	2009
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
<b>INCOME AND OTHER SUPPORT</b>		
Donated services, supplies, and facilities	\$ 3,445,500	\$ 2,405,650
West Virginia Department of Health and Human Resources grants	330,695	171,000
Pharmacy program fees	85,010	68,720
Other grants	43,964	5,000
United Way	7,694	3,965
Contributions and other revenue	6,724	18,746
Interest and dividends	819	2,045
Special events, net	7	160
Total income and other support	<u>3,920,413</u>	<u>2,675,286</u>
<b>EXPENSES</b>		
Donated services, supplies, and facilities	3,445,500	2,405,650
Administration	101,474	64,615
Patient care	327,686	284,363
Depreciation	2,349	3,538
Fundraising	2,601	1,474
Total expenses	<u>3,879,610</u>	<u>2,759,640</u>
CHANGE IN UNRESTRICTED NET ASSETS	40,803	(84,354)
NET ASSETS, BEGINNING OF YEAR	<u>206,951</u>	<u>291,305</u>
NET ASSETS, END OF YEAR	<u>\$ 247,754</u>	<u>\$ 206,951</u>

The Notes to Financial Statements are an integral part of these statements.

BECKLEY HEALTH RIGHT, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2010

	<u>Patient Care</u>	<u>Administration</u>	<u>Total Expenses</u>
<b>EXPENSES BEFORE DONATED SERVICES AND SUPPLIES</b>			
Salaries and benefits	\$ 243,598	\$ 92,399	\$ 335,997
Office expense	17,932	3,164	21,096
Utilities	6,934	1,224	8,158
Professional fees	3,725	525	4,250
Pharmaceuticals and supplies	19,966	-	19,966
Cleaning and maintenance	16,255	2,869	19,124
Travel	11,641	-	11,641
Insurance	7,324	1,293	8,617
Fundraising	-	2,601	2,601
Miscellaneous	311	-	311
	<u>327,686</u>	<u>104,075</u>	<u>431,761</u>
Depreciation	1,997	352	2,349
Expenses before donated services and supplies	<u>329,683</u>	<u>104,427</u>	<u>434,110</u>
<b>DONATED SERVICES AND SUPPLIES</b>			
Pharmaceuticals and medical supplies	3,003,000	-	3,003,000
Laboratory and other patient	232,500	-	232,500
Medical services	120,000	-	120,000
Donated facilities and occupancy costs	90,000	-	90,000
Total donated services and supplies	<u>3,445,500</u>	<u>-</u>	<u>3,445,500</u>
<b>TOTAL EXPENSES</b>	<u>\$ 3,775,183</u>	<u>\$ 104,427</u>	<u>\$ 3,879,610</u>

The Notes to Financial Statements are an integral part of these statements.

BECKLEY HEALTH RIGHT, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2009

	<u>Patient Care</u>	<u>Administration</u>	<u>Total Expenses</u>
<b>EXPENSES BEFORE DONATED SERVICES AND SUPPLIES</b>			
Salaries and benefits	\$ 228,830	\$ 57,207	\$ 286,037
Office expense	10,134	3,521	13,655
Utilities	7,101	1,253	8,354
Professional fees	5,477	966	6,443
Pharmaceuticals and supplies	13,505	-	13,505
Cleaning and maintenance	2,179	385	2,564
Travel	9,774	-	9,774
Insurance	7,269	1,283	8,552
Fundraising	-	1,474	1,474
Miscellaneous	94	-	94
	<u>284,363</u>	<u>66,089</u>	<u>350,452</u>
Depreciation	3,007	531	3,538
Expenses before donated services and supplies	<u>287,370</u>	<u>66,620</u>	<u>353,990</u>
<b>DONATED SERVICES AND SUPPLIES</b>			
Pharmaceuticals and medical supplies	1,980,000	-	1,980,000
Medical services	250,650	-	250,650
Laboratory and other patient	85,000	-	85,000
Donated facilities and occupancy costs	90,000	-	90,000
Total donated services and supplies	<u>2,405,650</u>	<u>-</u>	<u>2,405,650</u>
<b>TOTAL EXPENSES</b>	<u>\$ 2,693,020</u>	<u>\$ 66,620</u>	<u>\$ 2,759,640</u>

The Notes to Financial Statements are an integral part of these statements.

BECKLEY HEALTH RIGHT, INC.  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2010 and 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 40,803	\$ (84,354)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,349	3,538
Decrease (increase) in grants and other receivables	5,424	(17,871)
Decrease (increase) in prepaid expenses	140	(17)
Increase in accounts payable and accruals	9,911	5,166
(Decrease) increase in deferred revenue	<u>(31,089)</u>	<u>54,833</u>
Net cash provided by (used in) operating activities	<u>27,538</u>	<u>(38,705)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>(2,250)</u>	<u>(4,791)</u>
 Net increase (decrease) in cash	25,288	(43,496)
 <b>CASH AND CASH EQUIVALENT, BEGINNING OF YEAR</b>	<u>264,619</u>	<u>308,115</u>
 <b>CASH AND CASH EQUIVALENT, END OF YEAR</b>	<u>\$ 289,907</u>	<u>\$ 264,619</u>
 Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 107</u>	<u>\$ 94</u>

The Notes to Financial Statements are an integral part of these statements.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORGANIZATION

Beckley Health Right, Inc. (BHR or the Company) is a nonprofit primary care clinic located in Beckley and Hinton, West Virginia. BHR provides free medical and dental diagnosis, treatment, laboratory work, medications, X-rays, and referral services to the medically indigent of southern West Virginia.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Financial Reporting*

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, whereby revenues are recognized as earned and expenses are recognized as incurred.

#### *Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The most significant estimate affecting the financial statements is the valuation of donated services, supplies, and facilities.

#### *Cash Balance in Excess of FDIC Insurance Limits*

BHR maintains accounts in local banks. The Federal Deposit Insurance Corporation (FDIC) insures a maximum of \$250,000 per depositor. Differences between book and bank balances exist due to deposits in transit, outstanding checks and other reconciling items. The Company balances may exceed this limit from time to time; however, management believes the credit risk related to the cash balances in excess of insurance is minimal.

#### *Fair Value of Financial Instruments*

The fair value of cash and cash equivalent, receivables, accounts payable and accrued expenses approximates their carrying values due to the short-term maturities of these financial instruments.

#### *Receivables*

Receivables are unsecured and are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the statement of activities in the year in which those differences are determined. Management estimates that all receivables are collectible as of June 30, 2010 and 2009; accordingly, no allowance for uncollectible accounts is considered necessary.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Net Asset Classification*

Net assets of BHR and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor/grantor-imposed stipulations;

Temporarily restricted net assets – net assets subject to donor/grantor-imposed stipulations that will be met either by actions of BHR and/or the passage of time;

Permanently restricted net assets – net assets subject to donor/grantor-imposed stipulations that the assets are to be maintained permanently by BHR.

#### *Temporarily Restricted Net Assets and Donor-Restricted Contributions*

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Contributions of cash and grants are presented as temporarily restricted if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution, grant or award is received, BHR reports the support as unrestricted.

#### *Economic Dependency*

BHR generates a substantial portion of its revenue from the West Virginia Department of Health and Human Resources - Bureau for Public Health, donated pharmaceuticals and medical supplies through the National Association of Free Clinics, donated services from local hospitals and various other grants. Changes in these revenue sources could, therefore, significantly influence BHR's ability to provide services.

#### *Property and Equipment*

Fixed assets are stated at cost if purchased and fair value if contributed, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets (3 – 10 years). It is the policy of the Company to capitalize assets whose expected useful life is in excess of one year and cost is in excess of \$500. Normal repairs and maintenance are expensed as incurred; significant improvements which materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Property and Equipment (Continued)*

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

BHR's Beckley and Hinton, West Virginia operating facilities, including some furniture and equipment, are owned by Appalachian Regional Hospital (ARH) of Beckley and Hinton under informal verbal agreements. ARH could, upon reasonable notice, demand the return of these items to their control. ARH has not given any such notice or expressed any desire to do so at this time.

#### *Income Taxes*

BHR has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Sec. 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to section 501(a) of that code.

#### *Cash Equivalent*

The cash equivalent consists of a money market account.

#### *Compensated Absences*

A liability has been recognized for unpaid, but earned, paid days off to be subsequently taken by employees.

### NOTE 3. DONATED SERVICES AND SUPPLIES

BHR is dependent upon the services of volunteer physicians and staff, as well as donated drugs, supplies, and other services. Contributions of donated services such as physician and laboratory services that create or enhance non-financial assets, or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded in the statement of activities at their fair values in the period received as donations and expense.

### NOTE 4. RETIREMENT PLAN

BHR has a defined contribution salary deferral plan operating under Internal Revenue Code Section 403(b), which is available to substantially all full time employees. Under the plan, each employee may make an annual salary deferral equal to the internal revenue service limits. BHR makes matching contributions of up to 100% of the first 3% of eligible contributions. BHR's pension expense for the years ended June 30, 2010 and 2009, was \$1,874 and \$1,860, respectively.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### **NOTE 5. MALPRACTICE INSURANCE**

The Company maintains malpractice insurance through the West Virginia Bureau of Risk Management. The policy covers employees and volunteers of the Company. The Company is not aware of any claims against it at this time.

### **NOTE 6. UNCERTAIN TAX POSITIONS**

Accounting Standards Codification Topic 740-10 prescribes a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. On July 1, 2009, the Company adopted the recognition and disclosure provisions of the standard. The adoption of this standard did not have an effect on the Company's financial position or changes in net assets. The Company does not believe its financial statements include (or reflect) any uncertain tax positions. The Company's federal Return of Organizations Exempt from Income Taxes for tax years 2007, 2008 and 2009 remain subject to examination by the Internal Revenue Service.

### **NOTE 7. SUBSEQUENT EVENTS**

The Company's management has evaluated events subsequent from June 30, 2010 through February 04, 2011, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Company's results going forward.

To the Board of Directors  
Beckley Health Right, Inc.  
Beckley, WV

In planning and performing our audit of the financial statements of Beckley Health Right, Inc. as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Beckley Health Right, Inc.'s internal control over financial reporting (internal control) 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

#### **Separation of Duties**

An internal control system for financial purposes attempts to separate control and custody of assets from record keeping functions and approval functions. A significant portion of the internal control functions of Beckley Health Right, Inc. rests in a few positions, and some of the duties of control, approval and record keeping are then consolidated into one or two individuals. It is our duty as auditors to point out that there is not a complete separation of duties within the Organization's staff. However, at the same time, we believe that the Organization is making appropriate separation when possible; however, we believe that until the Organization is significantly larger, these control activities cannot be completely separated due to the limited number of employees and funds available.

#### **Capitalization Policy**

The Organization does not have a formal capitalization policy. It is typical for an organization to adopt a policy to capitalize assets with a life of greater than one year and a cost in excess of a pre-established threshold (i.e. \$500). We recommend that the Organization adopt such a policy. It was recognized during our audit, the Organization is capitalizing but there is no formal policy to guide the staff

### **Ability to Prepare Financial Statements**

Due to the small size of the Organization, there is not a financially trained person in a Chief Financial Officer or similar position. The staff that are employed appear to conduct their duties appropriately and efficiently, but do not keep up on the avalanche of financial and accounting rules and regulations on an ongoing basis. Any corporate entity should have the ability, even if they do not exercise that ability, to prepare accurate and reliable financial statements, including all appropriate disclosures. If the Organization does not possess these skills internally, then financial data and statements could be prepared that are not in accordance with Generally Accepted Accounting Principles (GAAP). Due to the limited size of the Organization and budget constraints, we do not believe the Organization can correct this deficiency at the current time.

This communication is intended solely for the information and use of management, board of directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

TOOTHMAN RICE, P.L.L.C.

*Toothman Rice PLLC*

Bridgeport, West Virginia  
February 04, 2011

February 04, 2011

To the Board of Directors  
Beckley Health Right, Inc.  
Beckley, West Virginia

We have audited the financial statements of Beckley Health Right, Inc. for the year ended June 30, 2010, and have issued our report thereon dated February 04, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 17, 2010. Professional standards also require that we communicate to you the following information related to our audit.

**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 Beckley Health Right, Inc. are described in Note 2 to the financial statements. As described in Notes 6 and 7, the Organization adopted several new accounting policies during 2010.

The first change in accounting policies related to reporting of the income tax positions which might be considered uncertain in standing upon examination by taxing authorities. The Standard "Accounting for Uncertainty in Income Taxes", Accounting Standards Codification (ASC) Topic 740-10, was adopted during fiscal 2010. This additional disclosure in Note 6 we believe has no significant impact on the Organization's financial reporting.

In addition, Note 7 is a new disclosure required by ASC 855 regarding management's evaluation of significant events occurring after the end of the reporting period, but before the financial statements are issued. There no significant subsequent events requiring disclosure for the year ended 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. All significant transactions have been recognized in the financial statements in the proper period.

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 estimates affecting the financial statements were:

- (1) Depreciation expense is an estimate based on the expected useful lives of the real estate, furniture and fixtures used by the Organization as determined by guidelines provided by the American Hospital Association.

- (2) The estimated value of donated pharmaceuticals is based on information provided by the National Association of Free Clinics.
- (3) The estimated value of donated diagnostic services and donated laboratory services is based on information from Raleigh General Hospital and Beckley Appalachian Regional Hospital.

We evaluated the key factors and assumptions used to develop the estimates and believe they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of economic dependency in Notes 2 and 3 to the financial statements is based upon significant judgment in determining the amount that will in determining the amounts that will potentially be received from grantors and in-kind donations of medical supplies, materials and services.

#### *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. The attached schedule summarizes the material misstatements detected as a result of our audit procedures. Management has corrected these misstatements.

#### *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 Representations*

We have requested certain representations from management that are included in the management representation letter dated February 04, 2011.

#### *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.



This information is intended solely for the use of board of directors and management of Beckley Health Right, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Toothman Rice, PLLC

*Toothman Rice PLLC*

Bridgeport, West Virginia

Client: **Beckley Health Right, Inc.**  
 Engagement: **Beckley Health Right, Inc.**  
 Period Ending: **6/30/2010**  
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To expense minor equipment and record depreciation expense				
		1.02		
5100	Depreciation - G&A		2,348.56	
5340	Repairs and Maintenance		510.00	
1300	200 - Equipment			510.00
1390	224 Accumulated Deprec-Office Equip			2,348.56
<b>Total</b>			<u><u>2,858.56</u></u>	<u><u>2,858.56</u></u>
 <b>Adjusting Journal Entries JE # 2</b>				
To adjust accrued payroll and vacation				
		M.02		
5500	6560 Payroll Expenses:FICA / Medicare		1,811.08	
5540	6560 Payroll Expenses:Wages:Clerical		5,927.90	
2110	Accrued Compensated Absences			980.33
2140	Gross Accrued Payroll			6,758.65
<b>Total</b>			<u><u>7,738.98</u></u>	<u><u>7,738.98</u></u>
 <b>Adjusting Journal Entries JE # 3</b>				
To adjust prepaid and expenses				
		J.02		
5220	Liability Insurance		140.00	
1400	Prepaid Insurance			140.00
<b>Total</b>			<u><u>140.00</u></u>	<u><u>140.00</u></u>
 <b>Adjusting Journal Entries JE # 4</b>				
		L.02		

Client: **Beckley Health Right, Inc.**  
 Engagement: **Beckley Health Right, Inc.**  
 Period Ending: **6/30/2010**  
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
to accrue out of period liabilities				
5250	Meals and Lodging		7.18	
5290	Postage and Box Fees		502.99	
5320	Promotions / Special Events		355.91	
5340	Repairs and Maintenance		222.72	
5400	Supplies:Office		392.91	
5420	Travel		704.00	
2000	302 Accounts Payable			2,185.71
<b>Total</b>			<b>2,185.71</b>	<b>2,185.71</b>

**Adjusting Journal Entries JE # 5**

**R.04**

To reclassify portion of grant not earned

4130	Other Grants		23,744.21	
2400	Deferred Revenue			23,744.21
<b>Total</b>			<b>23,744.21</b>	<b>23,744.21</b>

**Adjusting Journal Entries JE # 6**

**R.09**

To record donated services and supplies

6200	Donated Pharmaceuticals and Medical Supplies		3,003,000.00	
6210	Donated Professional Services		90,000.00	
6220	Donated Facilities and Associated Utilities		120,000.00	
6230	Donated Laboratory Services		232,500.00	
4200	Donated Pharmaceuticals and Medical Supplies			3,003,000.00
4210	Donated Professional Services			120,000.00
4220	Donated Facilities and Associated Utilities			90,000.00
4230	Donated Laboratory Services			115,100.00
4230	Donated Laboratory Services			117,400.00
<b>Total</b>			<b>3,445,500.00</b>	<b>3,445,500.00</b>