

HEALTH ACCESS, INC.

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

JUNE 30, 2011

DHHR - Finance

APR 24 2012

Date Received

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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, 2011, 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, 2011, 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2011 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 conducted for the purpose of forming an opinion on the 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tetrah & Beckett, PLLC

October 21, 2011

DHHR - Finance

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HEALTH ACCESS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

Current Assets

Cash	\$ 277,882
Prepaid assets	<u>2,322</u>
Total current assets	<u>280,204</u>

Noncurrent Assets

Unamortized debt expense	<u>621</u>
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Assets whose use is limited:

By Board for facilities	<u>-</u>
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Property and Equipment:

Building	573,139
Furniture and fixtures	9,042
Office equipment	91,519
Medical equipment	<u>5,508</u>
	679,208
Less: Accumulated depreciation	<u>(112,038)</u>
Net property and equipment	<u>567,170</u>

Total noncurrent assets	<u>567,791</u>
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TOTAL ASSETS	<u><u>\$ 847,995</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accrued payroll and taxes	\$ 8,623
Current portion of long-term debt	6,512
Accrued paid leave	<u>23,537</u>
Total current liabilities	<u>38,672</u>

Long-Term Liabilities

Note payable	<u>175,098</u>
Total liabilities	<u>213,770</u>

Net Assets

Unrestricted	<u>634,225</u>
Total net assets	<u>634,225</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 847,995</u></u>
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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, 2011

	Unrestricted	Temporarily Restricted	Total
Public Support, Grants and Revenues			
Direct public support	\$ 36,666	\$ -	\$ 36,666
Dr. Datta Seminar	60,000	-	60,000
United Way	62,383	-	62,383
Dominion	20,000	-	20,000
Interest income	35	-	35
George F. & Ella P Evans Foundation Grant	34,231	-	34,231
Harrison County	20,000	-	20,000
City of Clarksburg	2,000	-	2,000
State Grant income	282,565	-	282,565
Breast and Cervical Cancer Program	7,116	-	7,116
Fee Income	39,302	-	39,302
Wisewoman	5,402	-	5,402
Other fund-raising income	10,812	-	10,812
Net assets released from restrictions:			
Restriction satisfied by expenditure of funds	-	-	-
Total Public Support, Grants and Revenues	<u>580,512</u>	<u>-</u>	<u>580,512</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, 2011

	Unrestricted	Temporarily Restricted	Total
Expenses			
Program expenses:			
Salaries and wages	\$ 289,030	\$ -	\$ 289,030
Payroll taxes	25,787	-	25,787
Telephone	8,465	-	8,465
Postage	1,621	-	1,621
Accounting and legal fees	11,222	-	11,222
Contract services	437	-	437
Repairs and maintenance	8,061	-	8,061
Operating supplies	23,431	-	23,431
Taxes and licenses	6,816	-	6,816
Dues and subscriptions	1,423	-	1,423
Insurance	7,760	-	7,760
Depreciation and amortization	22,637	-	22,637
Travel	3,472	-	3,472
Interest expense	12,021	-	12,021
Utilities	6,861	-	6,861
Miscellaneous	7,906	-	7,906
Total program expenses	<u>436,950</u>	<u>-</u>	<u>436,950</u>
Fund-raising expenses:			
Other fund-raising	232	-	232
Total fund-raising expenses	<u>232</u>	<u>-</u>	<u>232</u>
Total expenses	437,182	-	437,182
Change in net assets	143,330	-	143,330
Net assets at beginning of year	<u>490,895</u>	<u>-</u>	<u>490,895</u>
Net assets at end of year	<u>\$ 634,225</u>	<u>\$ -</u>	<u>\$ 634,225</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, 2011

	<u>Unrestricted</u>	
Cash Flows From Operating Activities		
Change in net assets	\$ 143,330	
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	22,637	
(Increase) decrease in:		
Prepaid assets	(478)	
Increase (decrease) in:		
Accounts Payable	(4,030)	
Accrued payroll taxes	<u>(1,240)</u>	
Net cash provided by operating activities		\$ 160,219
Cash Flows From Investing Activities		
Payments for property and equipment	(59,734)	
Decrease in assets whose use is limited	<u>26,603</u>	
Net cash (used in) investing activities		(33,131)
Cash Flows From Financing Activities		
Repayment of long-term debt	<u>(6,098)</u>	
Net cash (used in) financing activities		<u>(6,098)</u>
Increase in cash		120,990
Cash at beginning of year		<u>156,892</u>
Cash at end of year		<u>\$ 277,882</u>

During the year ended June 30, 2011, Health Access, Inc paid interest totaling \$12,021.

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, 2011

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

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, 2011 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, 2011

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, 2011.

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.

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.

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.

HEALTH ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

2. Prepaid Assets

Prepaid assets at June 30, 2011, consist of the following:

Prepaid insurance	\$ 1,785
Utilities Deposit	<u>537</u>
 Total	 <u>\$ 2,322</u>

3. 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	\$ 181,610
Less: current portion	<u>(6,512)</u>
 Non current portion	 <u>\$ 175,098</u>

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

<u>Years ending June 30,</u>	
2012	6,512
2013	6,948
2014	7,414
2015	7,910
2016	8,440
Thereafter	<u>144,386</u>
	 <u>\$ 181,610</u>

HEALTH ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

4. **Temporarily Restricted Net Assets**

There were no temporarily restricted net assets at June 30, 2011

5. **Subsequent Events**

The Organization's management evaluated the effect subsequent events would have on the financial statements through October 21, 2011 which is the date the financial statements were available to be issued.

HEALTH ACCESS, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2011

<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 #G110342	07/01/10-06/30/11	<u>\$ 282,565</u>	<u>\$ 282,565</u>	<u>\$ 282,565</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, 2011, and have issued our report thereon dated October 21, 2011, which was qualified due to the failure of the Organization to record donated services and supplies. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in this report we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness

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. We consider the following deficiency to be a material weakness.

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 response to the finding identified in our audit is described above. We did not audit Health Access, Inc.'s response 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.

Tetuck & Battlett, PLLC

October 21, 2011

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Tetrick & Bartlett, PLLC
*Certified Public Accountants
Consultants*

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October 21, 2011

To the Board of Directors
Health Access, Inc

We have audited the financial statements of Health Access, Inc. for the year ended June 30, 2011 and have issued our report thereon dated October 21, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

We have communicated such information in our letter to you dated August 1, 2011.

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, 2011. 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 that 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 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 as 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 Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 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

To the Board of Directors
Health Access, Inc.

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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.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

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