

**PRESTERA CENTER FOR MENTAL  
HEALTH SERVICES, INC.  
AND SUBSIDIARY**

HUNTINGTON, WEST VIRGINIA

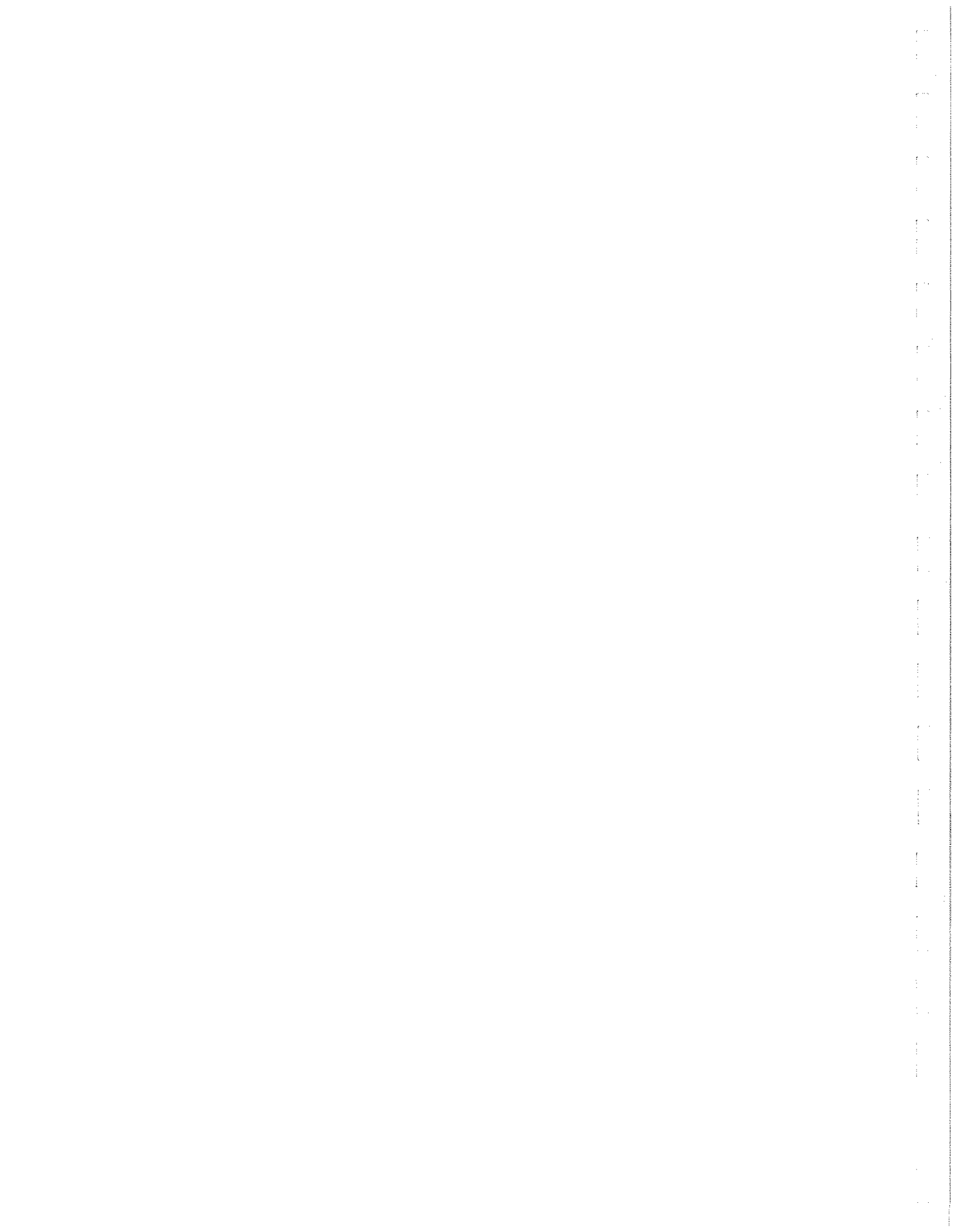
FINANCIAL STATEMENTS

JUNE 30, 2012

DHHR - Finance

MAR 15 2013

Date Received



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Prestera Center for Mental Health Services, Inc and Subsidiary  
Huntington, West Virginia

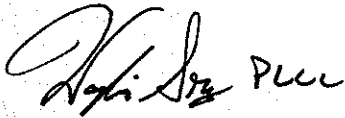
We have audited the accompanying consolidated balance sheets of Prestera Center for Mental Health Services, Inc. and Subsidiary as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Midland Behavioral Health, Inc. were not audited in accordance with *Government Auditing Standards*. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Prestera Center for Mental Health Services, Inc. and Subsidiary as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2013, on our consideration of Prestera Center for Mental Health Services, 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 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Huntington, West Virginia  
January 25, 2013

DHHR - Finance

MAR 15 2013

Date Received

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**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2012 AND 2011**

<b>ASSETS</b>	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 297,747	\$ 40,642
Grants and contracts receivable	2,601,946	2,516,598
Client fees receivable, net of allowance for doubtful accounts of \$1,951,265 in 2012 and \$922,104 in 2011	4,860,502	4,282,428
Accounts receivable - related parties	178,020	132,910
Prepaid expenses	406,607	520,824
Investments	1,301,147	1,293,834
<b>Total Current Assets</b>	<u>9,645,969</u>	<u>8,787,236</u>
<b>Assets Limited As To Use</b>	-	219,020
<b>Property and Equipment, net</b>	<u>8,952,161</u>	<u>10,991,553</u>
<b>Other Assets</b>		
Accounts receivable - related parties	195,271	272,898
Investments	50,000	50,000
Notes receivable	1,729	1,729
<b>Total Other Assets</b>	<u>247,000</u>	<u>324,627</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 18,845,130</u></u>	<u><u>\$ 20,322,436</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Notes payable	\$ 354,594	\$ 1,343,832
Accounts payable and accrued expenses	2,230,269	2,589,520
Accrued payroll and vacation	1,823,569	1,609,811
Current maturities of long-term obligations	354,132	463,574
Deferred revenue	166,804	57,633
<b>Total Current Liabilities</b>	<u>4,929,368</u>	<u>6,064,370</u>
<b>Long-Term Liabilities</b>		
Long-term obligations, net of current portion	3,896,459	2,919,241
Postretirement benefit obligation	453,873	400,594
<b>Total Liabilities</b>	<u>9,279,700</u>	<u>9,384,205</u>
<b>Net Assets</b>		
Unrestricted	9,562,415	10,934,680
Temporarily restricted	3,015	3,551
<b>Total Net Assets</b>	<u>9,565,430</u>	<u>10,938,231</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 18,845,130</u></u>	<u><u>\$ 20,322,436</u></u>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Revenues and other support:</b>		
Net client service revenue	\$ 21,483,327	\$ 20,117,833
Federal, state and other grants and contracts	19,932,367	20,416,419
Room and board	639,655	296,382
Investment income	49,970	55,002
In-kind contribution for use of facilities	724,035	724,035
Other income	452,726	466,788
Gain on sale of fixed assets	-	12,786
Net assets released from restrictions	536	536
	<hr/>	<hr/>
<b>Total unrestricted revenues, gains and other support</b>	<b>43,282,616</b>	<b>42,089,781</b>
	<hr/>	<hr/>
<b>Expenses:</b>		
Salaries and wages	22,964,028	21,334,211
Employee benefits	5,420,687	5,357,740
Contracted services	4,310,961	4,606,311
Professional fees	184,806	194,839
Lab fees	124,268	102,554
Supplies	2,164,876	1,941,972
Education	145,422	108,607
Travel	953,368	879,335
Postage	41,156	38,100
Advertising	225,540	156,956
Repairs and maintenance	356,681	355,049
Dues and subscriptions	89,387	81,127
Taxes	538,484	671,667
Insurance	392,523	416,769
Utilities	1,217,822	1,132,914
Equipment leases	226,046	213,351
Rent	583,179	735,425
Occupancy	724,035	724,035
Depreciation and amortization	961,899	819,227
Bad debt expense	1,122,207	1,925,936
Interest	317,322	209,396
Other	183,702	159,073
	<hr/>	<hr/>
<b>Total expenses</b>	<b>43,248,399</b>	<b>42,164,594</b>
	<hr/>	<hr/>



**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>Excess (deficit) of revenues, gains and other support over expenses</b>	\$ 34,217	\$ (74,813)
<b>Change in net realized/unrealized gains(losses) on other than trading securities</b>	(34,825)	115,153
<b>Increase (Decrease) in unrestricted net assets before discontinued operations</b>	(608)	40,340
<b>Discontinued operations</b>	(1,371,657)	188,615
<b>Increase (Decrease) in unrestricted net assets</b>	(1,372,265)	228,955
<b>Change in temporarily restricted net assets</b>		
Net assets released from restriction before discontinued operations	(536)	(536)
Discontinued operations	-	(11,517)
<b>Change in temporarily restricted net assets</b>	(536)	(12,053)
<b>Increase (decrease) in net assets</b>	(1,372,801)	216,902
<b>Net assets at beginning of year</b>	10,938,231	10,721,329
<b>Net assets at end of year</b>	\$ 9,565,430	\$ 10,938,231

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (1,372,801)	\$ 216,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discontinued operations	1,412,299	(177,098)
Increase (decrease) in cash from discontinued operations	(40,642)	9,913
Depreciation and amortization	961,899	819,227
Allowance for bad debts	1,122,207	1,925,936
Net realized and unrealized (gain) loss on investments, other than trading	34,825	(115,153)
(Gain) loss on disposal of property and equipment	-	(12,786)
(Increase) decrease in:		
Accounts and grants receivable	(1,753,112)	(2,128,184)
Prepaid expenses	114,217	49,019
Increase (decrease) in:		
Accounts payable and accrued expenses	(92,214)	1,167,278
Deferred revenue	109,171	(76,249)
	<b>495,849</b>	<b>1,678,805</b>
<b>Net cash provided (used) by operating activities</b>		
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(294,164)	(2,518,084)
Net change in assets limited to use and investments	176,882	9,419
Proceeds from sale of fixed assets	-	19,356
	<b>(117,282)</b>	<b>(2,489,309)</b>
<b>Net cash provided by (used in) investing activities</b>		
<b>Cash Flows From Financing Activities</b>		
Proceeds from long-term obligations	2,352,434	472,250
Payments on long-term obligations	(2,458,566)	(110,552)
Line of credit borrowings (payments), net	(15,330)	458,719
	<b>(121,462)</b>	<b>820,417</b>
<b>Net cash provided by (used in) financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>257,105</b>	<b>9,913</b>
<b>Cash and Cash Equivalents</b>		
Beginning	40,642	30,729
Ending	<b>\$ 297,747</b>	<b>\$ 40,642</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash payments for interest	<b>\$ 298,725</b>	<b>\$ 178,025</b>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization:** Pretera Center for Mental Health Services, Inc. and Subsidiary (Midland Behavioral Health, Inc.), (collectively, "the Center"), are non-profit corporations incorporated in the State of West Virginia. The Center's primary purpose is to provide a full range of clinical, consultative, community outreach and support in the areas of mental health and substance abuse

**B. Basis of Presentation:** Effective July 1, 2011, Pretera Center for Mental Health Services, Inc began to consolidate into its financial statements the accounts of Midland Behavioral Health, Inc., a wholly owned subsidiary. The consolidation occurred as a result of Pretera's ownership in Midland Behavioral Health, Inc. All intercompany transactions have been eliminated.

**C. 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 could differ from those estimates. Significant estimates used in preparing these financial statements include the valuation of accounts receivable for the amount expected to be ultimately collected, and estimated cost report settlements due to or from Medicare. It is at least reasonably possible that the significant estimates used will change within the next year.

**D. Cash and cash equivalents:** Cash and cash equivalents are defined as those funds on deposit which mature in three months or less.

**E. Net Assets Classifications:** Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

**Unrestricted** - Resources over which the Board of Directors has discretionary control.

**Temporarily restricted** - Resources subject to donor imposed restrictions which will be satisfied by actions of the Center or passage of time.

**Permanently restricted** - Resources subject to a donor imposed restriction that they be maintained permanently by the Center. There were no permanently restricted net assets at June 30, 2012 and 2011.

The Center has elected to present temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net assets class.

Contributions of cash and other assets are presented as restricted support if they are received with donor 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 operations as net assets released from restrictions.

**F. Excess (deficiency) of revenues and other support over expenses:** The statement of operations and changes in net assets include excess (deficiency) of revenues and other support over expenses. Changes in unrestricted net assets which are excluded from excess (deficiency) of revenues and other support over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

**G. Net client service revenue and client fees receivable:** Net client service revenue is reported at the estimated net realizable amounts from clients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Medicaid reimburses the Center for services based upon reasonable and customary rates established by the State Medicaid departments. The Center uses the allowance method (based upon fiscal year-end aging) to estimate bad debt expense. The Center periodically evaluates the balance in the various aging categories as well as the status of any significant past due accounts to determine if any balances are uncollectible. When management determines that a balance is uncollectible it is removed from the receivable balance. Subsequent recoveries of amounts previously written off are credited directly to the bad debt expense. The Center does not require collateral to secure credit extended to state agencies or clients.

**H. Grant revenue:** Federal, state and other grant revenue resulting from exchange transactions are recognized by the Center as related grant program expenses are incurred.

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

**J. Property and equipment:** Property and equipment acquisitions are recorded at cost. Depreciation is computed by the straight-line method over the estimated useful lives of each class of depreciable asset. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Gifts of long-lived assets such as land, buildings, and equipment are reported as unrestricted support, and excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**K. Investments:** Investments are carried at fair value. Investments acquired by gift are recorded at the fair value at the date of receipt. Fair value is determined principally from published sources. The Center has an equity investment in First Choice Health Systems, Inc., which is a for-profit entity comprised of eight West Virginia Mental Health Centers and one hospital whose purpose is to explore investment and growth opportunities as a provider network. These investments are considered nonmarketable equity securities and are reflected in the accompanying balance sheet at their cost. Because management believes that it is impractical to estimate the fair value, this investment with a carrying value of \$50,000 at June 30, 2012 has not been formally evaluated for impairment. The Center believes that there have been no significant or adverse events since the date of acquisition. The Center does not require collateral to secure its investments.

**L. Donated goods, services and facilities:** Donated goods, services and other assets are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of gift. In addition, the fair market value of office space occupied free of rent has been reflected in the accompanying financial statements in the same manner. No amounts have been recognized in the financial statements for donated services unless such services are provided by professionals and would normally be procured by the Center.

**M. Advertising:** The cost of advertising, public relations, and marketing programs are charged to operations as incurred. Total advertising expense for the years ended June 30, 2012 and 2011, was \$225,540 and \$156,956.

**N. Expense allocation:** Expenses which are not specifically identified with a particular service are allocated to the various program services based upon time devoted by Center staff in performing program functions.

**O. Income taxes:** Pretera Center for Mental Health Services, Inc. and Subsidiary, which are not considered private foundations, are recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes.

With few exceptions, neither entity is subject to U.S. federal or state income tax examinations by tax authorities for years before 2008. Management is of the opinion that neither entity has any material uncertain tax positions, and accordingly recognizes no liability for unrecognized benefits.

**P. Subsequent events:** The Center did not have any recognized or nonrecognized subsequent events occur after June 30, 2012, the balance sheet date. Subsequent events have been evaluated through January 25, 2013, the date the financial statements were issued.

**Q. Assets limited as to use:** Cash that is restricted to purchase capital or other noncurrent assets.

## **Note 2: DISCONTINUED OPERATIONS**

Effective October 31, 2011, Pretera Center for Mental Health Services, Inc. deconsolidated the operations of The Healing Place of Huntington, Inc. (The Healing Place). The Healing Place had previously been consolidated due to Pretera Center for Mental Health Services, Inc.'s significant board influence, grant administration, and provider contractual relationships. As of October 31, 2011, The Healing Place of Huntington, Inc. took over all of its own accounting, operating and grant administration and is now a standalone entity. The resulting loss of \$1,371,657 represents the net carrying amount of the Healing Place's assets and liabilities at October 31, 2011, the date of deconsolidation. The Healing Place's assets and liabilities are included in the accompanying consolidated balance sheet as of June 30, 2011. The Operating results of the Healing Place for the years ended June 30, 2012 and 2011 have been reclassified to discontinued operations in the accompanying consolidated statement of operations and changes in net assets.

The Healing Place's total operating revenue included in discontinued operations in the accompanying statement of operations and changes in net assets for the year ended June 30, 2011 was \$498,716. No operating revenues or expenses from the Healing Place are included in the accompanying statement of operations and changes in net assets for the year ended June 30, 2012 due to their insignificance to the financial statements as a whole.

### Note 3: INVESTMENTS

The estimated values of investments at June 30, 2012 and 2011, is as follows:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 11,705	\$ 11,705	\$ 12,977	\$ 12,977
Equity securities	540,317	607,465	537,587	614,653
Corporate bonds & government securities	621,000	681,977	608,697	666,204
First Choice Health Systems, Inc.	50,000	50,000	50,000	50,000
	<u>\$ 1,223,022</u>	<u>\$ 1,351,147</u>	<u>\$ 1,209,261</u>	<u>\$ 1,343,834</u>

Investment income and gains from investments are comprised of the following for the years ending June 30, 2012 and 2011:

	2012	2011
Interest and dividends income	\$ 49,970	\$ 55,002
Realized and unrealized gain (loss), net	(34,825)	115,153
Investment fees	(7,832)	(8,376)
	<u>\$ 7,313</u>	<u>\$ 161,779</u>

### Note 4: SUPPORT AND REVENUE FROM GOVERNMENTAL UNITS

The Center has entered into agreements with the West Virginia Bureau for Behavioral Health and Health Facilities to provide mental health and substance abuse services to individuals within the State of West Virginia. Funding for these services is provided by the West Virginia Department of Health and Human Resources.

A substantial amount of the Center's support and revenue is derived from the West Virginia Bureau for Behavioral Health and Health Facilities, some of which is pass-through funding from the United States Department of Health and Human Services. A significant reduction in the level of this support, if it were to occur, may have a significant impact on the Center's programs and activities.

### Note 5: PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2012 and 2011 follows:

	2012	2011
Land	\$ 2,432,306	\$ 2,490,214
Buildings and improvements	6,973,607	8,172,754
Furniture and equipment	4,187,546	4,198,454
Leasehold improvements	796,709	769,694
Vehicles	1,108,850	976,549
	<u>15,499,018</u>	<u>16,607,665</u>
Less accumulated depreciation and amortization	<u>6,546,857</u>	<u>5,616,112</u>
Property and Equipment, net	<u>\$ 8,952,161</u>	<u>\$ 10,991,553</u>

Federal and state governments often retain a reversionary interest in property and equipment acquired with federal and state grants. The net book value of equipment purchased with grants from the West Virginia Bureau for Behavioral Health and Health Facilities (BHFF) as of June 30, 2012 and 2011 was \$293,080 and \$373,528. The equipment is retained at each location and would be subject to return to the State in the event that grants with BHFF were discontinued.

Depreciation expense for the years ended June 30, 2012 and 2011 amounted to \$961,899 and \$819,227. There was no amortization expense for equipment under capital lease obligations for the years ended June 30, 2012 and 2011.

#### Note 6: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Center for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The following tables present the financial instruments measured at fair value on a recurring basis as of June 30, 2012 and 2011, by caption, on the balance sheets.

	2012			
	Level 1	Level 2	Level 3	Total
<b>Assets (Liabilities)</b>				
Cash and cash equivalents	\$ 11,705	\$ -	\$ -	\$ 11,705
Mutual Funds - Equity securities	607,465	-	-	607,465
Mutual Funds - Fixed Income	-	632,273	-	632,273
Corporate bonds	-	49,704	-	49,704
Private Equity Investment	-	-	50,000	50,000
<b>Total</b>	<b>\$ 619,170</b>	<b>\$ 681,977</b>	<b>\$ 50,000</b>	<b>\$ 1,351,147</b>

	2011			
	Level 1	Level 2	Level 3	Total
<b>Assets (Liabilities)</b>				
Cash and cash equivalents	\$ 12,977	\$ -	\$ -	\$ 12,977
Mutual Funds - Equity securities	557,056	-	-	557,056
Mutual Funds - Fixed Income	-	673,862	-	673,862
Corporate bonds	-	49,939	-	49,939
Private Equity Investment	-	-	50,000	50,000
Total	<u>\$ 570,033</u>	<u>\$ 723,801</u>	<u>\$ 50,000</u>	<u>\$ 1,343,834</u>

There have been no significant transfers in or out of Level 1 and Level 2 fair value measurements during the year ended June 30, 2012. Level 3 fair value measurements investment did not have any purchases, sales, issuances or settlements during the fiscal year 2012. Level 2 investments used quoted prices and net asset values as fair value measurement inputs, and Level 3 investment used the cost as inputs. See note 1 for more details.

**Note 7: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2012 and 2011 includes book overdrafts of \$485,169 and \$536,733. The overdrafts are a result of the Center's cash management programs and represent checks issued but not presented to a bank for collection. Actual bank overdrafts are automatically covered by the Center's line of credit.

**Note 8: RETIREMENT AND OTHER POSTRETIREMENT BENEFIT PLANS**

The Center maintains a 401(k) retirement plan for its employees. To participate, employees must have one year of entry service (1,000 or more hours of service during a one year period) and be 21 years old or older. Employees can contribute 1% to 13% of their salary, not to exceed legal limits. The Center can make a discretionary matching contribution to equal a percentage of the employees' contributions. Employer contributions vest at certain percentages related to the employees' number of years of vesting service. Total matching contributions by the Center during the years ended June 30, 2012 and 2011 were \$301,715 and \$287,109.

The Center also maintains a 457(B) retirement plan for certain employees. Those employees are eligible to participate immediately upon hire and can contribute from 1% to 100% of their pay up to statutory limits. The Center can make discretionary contributions. Employee and employer contributions are 100% vested at the time of contribution. Total contributions by the Center during the years ended June 30, 2012 and 2011 were \$28,642 and \$34,595.

In 1997, the Center ceased its participation in the West Virginia Public Employees Retirement System (WVPERS), a defined benefit, cost-sharing multiple-employer pension plan. Certain of the Center's employees are still covered under the WVPERS plan. Contribution obligations and benefit provisions are established pursuant to the West Virginia Public Employees Retirement Act. Total contributions by the Center during the years ended June 30, 2012 and 2011, were \$14,549 and \$13,699.

**Postretirement benefits:** In connection with the Center's prior participation in the West Virginia Public Employees Retirement System, it is obligated to provide health insurance benefits to employees who retire under that plan. At June 30, 2012 and 2011, the Center has accrued a postretirement benefit obligation of \$453,873 and \$400,594 to cover the present value of the anticipated postretirement benefits.



## Note 9: NOTES PAYABLE

The Center has a \$2,000,000 line of credit (LOC) with a local bank. Advances on the LOC bear interest at a variable rate equal to the Wall Street Journal Prime Rate with interest payable monthly, and a floor of 4.5%. The LOC is secured by receivables, equipment, inventory and general intangibles. As discussed in Note 13 cash accounts are swept daily into a repurchase account. The repurchase account is then used to pay down any balance on the LOC. The amount outstanding on the LOC was \$354,594 and \$369,924 at June 30, 2012 and 2011. The LOC is renewable annually.

## Note 10: LONG-TERM DEBT

A summary of long-term debt at June 30, 2012 and June 30, 2011, follows:

	<u>2012</u>	<u>2011</u>
Note payable to bank, interest at 5.95%, due at \$1,290 per month including interest and a balloon payment. Secured by deed of trust on property.	\$ -	\$ 121,368
Note payable to West Virginia Housing Development Fund, interest at 4%, payable at \$3,765 per month including interest. Secured by deed of trust on property.	225,750	261,132
Note payable to bank, interest at 7.45%, due in monthly installments of \$1,015 including interest and a balloon payment. Secured by a deed of trust on property.	-	45,773
Note payable to bank, interest at 6.46%, due in monthly installments of \$550 including interest. Secured by a deed of trust on property.	-	57,188
Note payable to bank, interest at 6.42%, due in monthly installments of \$2,220 including interest. Secured by a deed of trust on property.	-	282,241
Note payable to bank, interest at 7.51% payable at \$2,308 per month including interest. Secured by deed of trust on property.	-	255,006
Note payable to bank, interest at 6.00% payable at \$16,848 per month including interest. Secured by deed of trust on property.	1,819,810	1,898,440
Note Payable to West Virginia Housing Development Fund, interest at 0% forgiven ratably through January 2031. In accordance with loan terms, the proceeds were used to partially fund its acquisition and renovation of property for use as an addiction recovery center. There is a prorata contingent repayment obligation should the property cease to be used as an addiction recovery center.	380,000	400,000
Note payable to bank, interest at 6.00%, due in monthly installments of \$1,400 including interest. Secured by a deed of trust on certain property.	-	61,667

Note Payable to Federal Home Loan Bank, interest at 0% forgiven ratably through January 2027. In accordance with loan terms, the proceeds were used to partially fund its acquisition and renovation of property for use as an addictions recovery center. There is a prorata contingent repayment obligation should the property cease to be used as an addictions recovery center.	\$ 999,328	\$ -
Note payable to bank, interest at 4.25%, due in monthly installments of \$15,323 including interest. Secured by a deed of trust on property.	<u>825,703</u>	<u>-</u>
<u>Total</u>	4,250,591	3,382,815
<u>Less: current maturities</u>	<u>354,132</u>	<u>463,574</u>
<u>Long-term obligations</u>	<u>\$ 3,896,459</u>	<u>\$ 2,919,241</u>

As of June 30, 2012, long-term debt matures as follows:

2013	\$ 354,132	
2014	368,103	
2015	382,784	
2016	398,211	
2017	412,887	
Thereafter	<u>2,334,474</u>	
<u>Total</u>		<u>\$ 4,250,591</u>

#### **Note 11: FACILITIES AND RENT EXPENSE**

The Center leases its satellite locations under operating leases. Certain leases contain a provision whereby the leases may be terminated early if the satellite operation is closed provided that advance written notice is given to the lessor. Rental expense charged to operations on these leases amounted to \$548,577 and \$735,425 for the years ended June 30, 2012 and 2011. In addition, the Center occupies, rent free, six buildings totaling 82,000 square feet used as care and treatment and administrative facilities. The annual rent value for these donated facilities of \$724,035 has been recorded as support and expense in the accompanying financial statements. The Center had an additional \$34,602 and \$0 in equipment rentals for the years ended June 30, 2012 and 2011.

#### **Note 12: CLIENT SERVICE REVENUE AND CHARITY CARE**

Following is a summary of gross and net client service revenue for the Center for 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Gross client service revenue	\$ 27,351,510	\$ 29,009,401
Less: Provisions for contractual adjustments	5,416,336	8,536,255
Charity care	<u>451,847</u>	<u>355,313</u>
Net client service revenue	<u>\$ 21,483,327</u>	<u>\$ 20,117,833</u>

The Center provides charity care to clients who are financially unable to pay for the services they receive. The Center's policy is not to pursue collection of amounts determined to qualify as charity care if the client has an adjusted income equal to or below 200% of the Federal Poverty income levels. A sliding scale discount is available for clients who meet the guidelines prescribed in the policy. Accordingly, the Center does not report these amounts in the net revenues or in the allowance for doubtful accounts. Of the Center's total expenses approximately \$440,000 and \$340,000, respectively, arose from providing charity care services to charity clients. The estimated costs of providing charity care services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Center's total expenses, less bad debt expense, divided by gross revenue.

**Note 13: CONCENTRATION OF CREDIT RISK**

The Center is located in Huntington, West Virginia. The Center grants credit without collateral to its clients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from clients and third-party payors is as follows at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Medicare	6%	8%
Medicaid	75%	70%
Self pay	2%	1%
Other third-party payors	7%	13%
Contracts	<u>10%</u>	<u>8%</u>
 Total	 <u>100%</u>	 <u>100%</u>

Financial instruments with potential credit risks consist principally of temporary cash investments and receivables. Temporary investments are placed with highly credit worthy financial institutions and security investment corporations.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. All of the non-interest bearing cash balances were fully insured at June 30, 2012 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts. Beginning January 1, 2013, insurance coverage reverted to \$250,000 per depositor at each financial institution, and the non-interest bearing cash balances may again exceed federally insured limits.

**Note 14: FUNCTIONAL EXPENSES**

The Center provides clinical services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Clinical services	\$ 35,031,203	\$ 34,655,916
General and administrative	<u>8,217,196</u>	<u>7,508,678</u>
 Total Expenses	 <u>\$ 43,248,399</u>	 <u>\$ 42,164,594</u>

#### **Note 15: RISK MANAGEMENT**

The Center is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accidental benefits. The Center reduces its risk of loss by a variety of insurance programs purchased from commercial insurance carriers.

The Center maintains claims-made basis insurance coverage for professional liability at up to \$1,000,000 for individual claims and aggregate coverage per year of \$3,000,000 with a no deductible clause. Incidents occurring through June 30, 2012 may result in the assertion of a claim or other claims may be asserted arising from past services provided.

The Center is a defendant in various lawsuits within the ordinary course of business wherein various amounts for damages are claimed. In the opinion of management an unfavorable outcome in excess of insurance coverage is unlikely and the judgments, if unfavorable, would not have a material adverse effect on the Center's financial statements.

#### **Note 16: HEALTH CARE LEGISLATION AND REGULATION**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that the Center is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the Center is found in violation of these laws, the Center could be subject to substantial monetary fines, civil and criminal penalties and exclusion from participation in the Medicare and Medicaid programs.

#### **Note 17: TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2012 and 2011 temporarily restricted net assets consisted of grants received for the purpose of acquiring capital assets. In 2012, net assets were released from donor restrictions in an amount equal to the 2012 depreciation expenses on the capital assets acquired with the grants.

#### **Note 18: RECLASSIFICATIONS**

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation. These reclassifications had no effect on the net assets for either period.

#### **Note 19: RELATED PARTIES**

**Center for Alternative Medicine:** Employees of the Center serve on the Board of Directors for the Center for Alternative Medicine (CAM), a West Virginia corporation. During 2012 and 2011, the Center received \$337,212 and \$235,628 for various services including management, rent, health insurance, pension costs, and utilities.

**Pretera Foundation for Behavioral Health Services d.b.a. Pretera Foundation:** Employees and members of the Board of Directors of the Center serve on the Board of Directors of Pretera Foundation for Behavioral Health Services (the Foundation), a West Virginia not-for-profit corporation. The Foundation is a support organization to the Center. A contribution of \$24,335 was pledged from the Foundation to the Center during fiscal 2012. The financial statements of the Foundation have not been consolidated with the Center due to the insignificance of amounts at the Foundation.

**Other:** Various employees of the Center serve on the boards of directors of the following West Virginia corporations. The Center provides various services to the corporations, including prior to 2012, management services under management agreements:

- West Hamlin Group Home d b a. Woodside Manor
- Evergreen Place Apartments d.b a. EGP
- Washington Avenue Apartments d.b.a. Joan Ross Apartments
- G. R. Vale
- Main Street Apartments
- Aliff Place
- Assaley Place
- Concord House of Charleston, Inc.
- Healing Place of Huntington, Inc.
- Horizon Center for Christian Counseling
- Mulberry Manor
- Oak Tree Apartment

A summary of related party receivables at June 30, 2012 and 2011 follows:

	<u>2012</u>	<u>2011</u>
Center for Alternative Medicine, net of allowance for doubtful accounts of \$100,000	\$ 243,271	\$ 320,897
Assaley Place	15,530	13,191
Pretera Foundation for Behavioral Health Services, Inc.	24,335	17,330
Horizon Center for Christian Counseling	31,329	31,329
Other	58,826	23,061
	<u>373,291</u>	<u>405,808</u>
Less current portion	<u>178,020</u>	<u>132,910</u>
Long-term portion	<u>\$ 195,271</u>	<u>\$ 272,898</u>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-through Grantor /Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through the State of West Virginia, Bureau for Behavioral Health and Health Facilities:			
Substance Abuse Prevention and Treatment Block Grant:			
Outpatient Services	93.959	8793-2012-2885-096	\$ 361,794
Women's Services	93.959	8793-2012-2890-096	1,105,750
Residential Services	93.959	8793-2012-2891-096	175,037
Prevention Services	93.959	8793-2012-2886-096	294,903
Adolescent Services	93.959	8793-2012-2892-096	31,238
			<u>1,968,722</u>
Projects for Assistance in Transition from Homelessness	93.150	8723-2012-2851-096	25,000
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	8723-2012-3116-096	38,767
Substance Abuse and Mental Health Services Adolescent Services - ASPEN	93.243	8793-2012-2913-096	227,382
Cooperation Agreements for Screening, Brief Intervention, Referral and Treatment	93.243	8723-2012-2886-096	264,497
WV Data Infrastructure	93.243	8723-2012-2849-096	9,500
Direct Award:			
Shaping the Future of Chronic Homelessness	93.243	5H79SM058281-04	423,118
BRIGHT Program	93.243	5H79SM059680-02	397,379
			<u>1,321,876</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>3,354,365</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed-through from City of Huntington, WV:			
Emergency Shelter Program	14.231	-	12,352
Passed-through Cabell Huntington Coalition for the Homeless, Huntington, WV:			
Supportive Housing Program	14.235	-	94,085
Direct Award:			
Supportive Housing Program	14.235	-	29,623
			<u>136,060</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>136,060</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,490,425</u>

**Notes to Schedule of Expenditures of Federal Awards**

Note 1: Significant Accounting Policies - The above schedule of expenditures of federal awards is a summary of the activity of the Center's federal grant activity presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and is presented in accordance with requirements of OMB Circular A-133.

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## 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  
Pretera Center for Mental Health Services, Inc. and Subsidiary  
Huntington, West Virginia

We have audited the financial statements of Pretera Center for Mental Health Services, Inc. (the Center) and Subsidiary, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 25, 2013. We conducted our audit of the Center 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. The financial statements of Midland Behavioral Health, Inc. were not audited in accordance with *Government Auditing Standards*.

### Internal Control over Financial Reporting

Management of the Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center'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 did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2012-01 that we consider to be a significant deficiency 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.

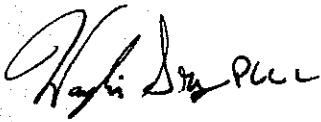


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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*.

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Center'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 entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Huntington, West Virginia  
January 25, 2013

DHHR - Finance

MAR 15 2013

Date Received

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Pretera Center for Mental Health Services, Inc. and Subsidiary  
Huntington, West Virginia

## **Compliance**

We have audited Pretera Center for Mental Health Services, Inc.'s (the Center) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2012. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

Pretera Center for Mental Health Services, Inc. and Subsidiary's basic financial statements include the operations of Midland Behavioral Health, Inc. Our audit, described below, did not include the operations of the Midland Behavioral Health, Inc. because it did not receive or expend any federal awards for the year ended June 30, 2012.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Center's compliance with those requirements.

In our opinion, Pretera Center for Mental Health Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

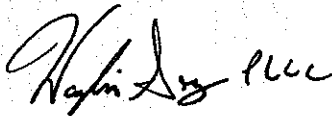
## Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Pretera Center for Mental Health Services, Inc.'s major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Pretera Center for Mental Health Services, Inc.'s compliance but not to provide an opinion on the effectiveness of Pretera Center for Mental Health Services, Inc.'s internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pretera Center for Mental Health Services, Inc.'s compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



Huntington, West Virginia  
January 25, 2013

DHHR - Finance

MAR 15 2013

Date Received

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2012**

**SECTION - 1 SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued:	Unqualified Opinion	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____ no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ <u>X</u> _____ yes	_____ _____ no
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____ no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> _____ none reported

Type of auditors' report issued on compliance for major programs:	Unqualified Opinion	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ yes	_____ <u>X</u> _____ no

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Substance Abuse Prevention and Treatment Block Grant:	93 959
Dollar threshold used to distinguish between Type A and Type B programs:	\$ _____ 300,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____ yes	_____ _____ no
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**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2012**

**SECTION 2 – FINANCIAL STATEMENT FINDINGS SECTION**

**Finding 2012-01: Client Fees Receivable**

**Criteria:**

The Center presents its client fees receivable net of allowance for doubtful accounts and contractual adjustments. The Center should maintain detailed subsidiary ledgers to support the gross client fees receivable. Documentation of collection histories by major payors should also be maintained to support the historical collection rates used to establish the allowances.

**Condition:**

During our testing of client fees receivable we noted certain general ledger accounts that were not adequately supported by the subsidiary records, and that historical collection rates could not be produced to support the allowances for doubtful accounts and contractual adjustments.

**Questioned Costs:**

N/A

**Context:**

Net client fees receivable were \$4,860,502 at June 30, 2012.

**Cause:**

The general ledger was not being fully reconciled to the subsidiary ledger, and historical collection data was not maintained in sufficient detail to support the rates used to establish the allowances for doubtful accounts and contractual adjustments.

**Effect:**

Management or employees, in the normal course of performing their assigned functions may not be able to prevent, or detect and correct misstatements on a timely basis.

**Recommendation:**

We recommend that the Center reconcile the balances in the client fees receivable accounts to their respective subsidiary ledgers on a monthly basis and that a collection history be maintained to support the allowances for doubtful accounts and contractual adjustments.

**Management Response:**

*Agree: The Center will reconcile the balances in the client fees receivable accounts to their respective subsidiary ledgers on a monthly basis and a collection history will be maintained to support the allowances for doubtful accounts and contractual adjustments.*

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION**

No matters are reportable

# Hayflich Grigoraci

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## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND ADDITIONAL INFORMATION

To the Board of Directors  
Pretera Center for Mental Health Services, Inc. and Subsidiary  
Huntington, West Virginia

We have audited the consolidated financial statements of Pretera Center for Mental Health Services, Inc. and Subsidiary as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated January 25, 2013, which expressed an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the following pages is presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. The additional information for the West Virginia Bureau for Behavioral Health and Health Facilities (BHBF) also is presented for purposes of additional analysis and is not a required part of the consolidated basic 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Huntington, West Virginia  
January 25, 2013

DHHR - Finance

MAR 15 2013

Date Received

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATING BALANCE SHEETS**  
**JUNE 30, 2012**

<b>ASSETS</b>	<b>Prestera Center for Mental Health Services, Inc.</b>	<b>Midland Behavioral Health, Inc.</b>	<b>Consolidated Total</b>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 287,384	\$ 10,363	\$ 297,747
Grants and contracts receivable	2,532,861	69,085	2,601,946
Client fees receivable, net of allowance for doubtful accounts of \$1,951,265 in 2012 and \$922,104 in 2011	4,860,502	-	4,860,502
Accounts receivable - related parties	178,020	-	178,020
Prepaid expenses	404,869	1,738	406,607
Investments	1,301,147	-	1,301,147
<b>Total Current Assets</b>	<b>9,564,783</b>	<b>81,186</b>	<b>9,645,969</b>
<b>Property and Equipment, net</b>	<b>8,949,222</b>	<b>2,939</b>	<b>8,952,161</b>
<b>Other Assets</b>			
Accounts receivable - related parties	195,271	-	195,271
Investments	50,000	-	50,000
Notes receivable	1,729	-	1,729
<b>Total Other Assets</b>	<b>247,000</b>	<b>-</b>	<b>247,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 18,761,005</b>	<b>\$ 84,125</b>	<b>\$ 18,845,130</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Notes payable	\$ 354,594	\$ -	\$ 354,594
Accounts payable and accrued expenses	2,152,490	77,779	2,230,269
Accrued payroll and vacation	1,772,643	50,926	1,823,569
Current maturities of long-term obligations	354,132	-	354,132
Deferred revenue	166,804	-	166,804
<b>Total Current Liabilities</b>	<b>4,800,663</b>	<b>128,705</b>	<b>4,929,368</b>
<b>Long-Term Liabilities</b>			
Long-term obligations, net of current portion	3,896,459	-	3,896,459
Postretirement benefit obligation	453,873	-	453,873
<b>Total Liabilities</b>	<b>9,150,995</b>	<b>128,705</b>	<b>9,279,700</b>
<b>Net Assets</b>			
Unrestricted	9,606,995	(44,580)	9,562,415
Temporarily restricted	3,015	-	3,015
<b>Total Net Assets (Deficit)</b>	<b>9,610,010</b>	<b>(44,580)</b>	<b>9,565,430</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,761,005</b>	<b>\$ 84,125</b>	<b>\$ 18,845,130</b>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY AND AFFILIATE  
CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prestera Center for Mental Health Services, Inc.</u>	<u>Midland Behavioral Health, Inc.</u>	<u>The Healing Place of Huntington, Inc.</u>	<u>Consolidated Total</u>
<b>Revenues and other support:</b>				
Net client service revenue	\$ 21,110,874	\$ 372,453		\$ 21,483,327
Federal, state and other grants and contracts	19,932,367	-		19,932,367
Room and board	639,655	-		639,655
Investment income	49,970	-		49,970
In-kind contribution for use of facilities	724,035	-		724,035
Other income	452,726	-		452,726
Net assets released from restrictions	536	-		536
	<hr/>	<hr/>		<hr/>
<b>Total unrestricted revenues, gains and other support</b>	<b>42,910,163</b>	<b>372,453</b>		<b>43,282,616</b>
	<hr/>	<hr/>		<hr/>
<b>Expenses:</b>				
Salaries and wages	22,720,270	243,758		22,964,028
Employee benefits	5,420,687	-		5,420,687
Contracted services	4,200,642	110,319		4,310,961
Professional fees	184,806	-		184,806
Lab fees	124,268	-		124,268
Supplies	2,162,608	2,268		2,164,876
Education	145,422	-		145,422
Travel	953,368	-		953,368
Postage	41,156	-		41,156
Advertising	217,329	8,211		225,540
Repairs and maintenance	355,098	1,583		356,681
Dues and subscriptions	89,387	-		89,387
Taxes	535,050	3,434		538,484
Insurance	392,523	-		392,523
Utilities	1,208,825	8,997		1,217,822
Equipment leases	226,046	-		226,046
Rent	548,577	34,602		583,179
Occupancy	724,035	-		724,035
Depreciation and amortization	961,174	725		961,899
Bad debt expense	1,122,207	-		1,122,207
Interest	317,322	-		317,322
Other	180,566	3,136		183,702
	<hr/>	<hr/>		<hr/>
<b>Total expenses</b>	<b>42,831,366</b>	<b>417,033</b>		<b>43,248,399</b>
	<hr/>	<hr/>		<hr/>



**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY AND AFFILIATE  
CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Pretera Center for Mental Health Services, Inc.</u>	<u>Midland Behavioral Health, Inc.</u>	<u>The Healing Place of Huntington, Inc.</u>	<u>Consolidated Total</u>
Excess (deficit) of revenues, gains and other support over expenses	\$ 78,797	\$ (44,580)		\$ 34,217
Change in net realized/unrealized gains(losses) on other than trading securities	<u>(34,825)</u>	<u>-</u>		<u>(34,825)</u>
Increase (Decrease) in unrestricted net assets before discontinued operations	43,972	(44,580)		(608)
Discontinued operations	<u>-</u>	<u>-</u>	<u>\$ (1,371,657)</u>	<u>(1,371,657)</u>
Increase (Decrease) in unrestricted net assets	43,972	(44,580)	(1,371,657)	(1,372,265)
Change in temporarily restricted net assets				
Net assets released from restriction	<u>(536)</u>	<u>-</u>	<u>-</u>	<u>(536)</u>
Change in temporarily restricted net assets	<u>(536)</u>	<u>-</u>		<u>(536)</u>
Increase (Decrease) in net assets	43,436	(44,580)	(1,371,657)	(1,372,801)
Net assets at beginning of year	<u>9,566,574</u>	<u>-</u>	<u>1,371,657</u>	<u>10,938,231</u>
Net assets at end of year	<u>\$ 9,610,010</u>	<u>\$ (44,580)</u>	<u>\$ -</u>	<u>\$ 9,565,430</u>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**SCHEDULE OF BHHF FUNDING STATUS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Department of Health Account Number	Award	Deferred Support 6-30-11	Earned and Billed	Unearned and Billed	Not Billed	Collected 06-30-12
0525-2012-2913-219	\$ 174.600		\$ 146.881		\$ 27.719	\$ 83.058
0525-2012-2913-219	45.000		45.000		-	45.000
0525-2011-3065-219-252	2,051.060		2,051.060		-	2,051.060
0525-2011-2851-219-252/258	1,298.472		1,298.472		-	1,298.472
0525-5012-2851-219	50.000		50.000		-	40.794
0525-2011-3041-219-252	1,163.003		1,163.003		-	1,163.003
0525-2012-3040-219	291.291		291.291		-	243.954
0525-2012-2851-219	484.000		484.000		-	405.825
0525-2012-3701-219	947.423		920.095		27.328	794.833
0525-2012-3702-219	130.000		84.582		45.418	74.891
0525-2012-3702-219	188.400		188.400		-	152.137
0525-2012-3702-219	165.472		165.472		-	144.349
0525-2012-3702-219	25.000		25.000		-	22.284
0525-2012-3702-219	77.543		77.543		-	62.782
0525-2012-3702-219	284.375		120.820		163.555	99.589
0525-2012-3702-219	60.000		60.000		-	50.082
0525-2012-3702-219	38.082		38.082		-	34.138
0525-2012-3702-219	500.000		445.361		54.639	407.041
0525-2012-3702-219	51.838		48.504		3.334	38.571
0525-2012-2851-219	89.462		89.462		-	72.483
0525-2012-2851-219	173.350		166.141		7.209	141.090
0525-2012-2851-219	98.259		98.259		-	81.702
0525-2012-2870-221	91.285		91.285		-	67.949
0525-2012-2870-219	100.000		100.000		-	58.405
0525-2012-2870-219	56.667		42.817		13.850	34.934
0525-2012-2885-219	356.000		307.597		48.403	264.331
0525-2012-2890-804	194.000		194.000		-	173.583
0525-2012-2891-219	2,423.954		2,401.134		22.820	1,837.690
0525-2012-2891-219	100.723		43.454		57.269	21.009
0525-2012-2892-219	49.028		46.728		2.300	39.202
0525-2012-2892-219	43.564		39.890		3.674	32.440
0525-2012-2913-219	53.203		47.381		5.822	40.403
0525-2012-2892-219	25.000		25.000		-	19.150
0525-2012-2915-219	30.000		14.011		15.989	8.668
0525-2011-3115-219	27.692		-		27.692	-
0525-2012-3703-335	577.550		562.361		15.189	454.265
0525-2012-3115-219	420.000		420.000		-	357.000
0525-2012-3115-219	500.000		500.000		-	434.069
0525-2012-3115-219	320.000		277.695		42.305	247.739
0525-2012-3115-219	320.000		240.849		79.151	206.920
0525-2012-3115-219	320.000		311.920		8.080	268.305
0525-2012-2913-219	100.000		-		100.000	-
5074-2012-3162-099	179.065		174.809		4.256	149.134
8723-2012-3116-096	302.245		38.767		263.478	17.827
8793-2012-2885-096	362.503		361.794		709	293.618
8793-2012-2890-096	1,105.750		1,105.750		-	916.159
8793-2012-2891-096	175.037		175.037		-	149.574
8793-2012-2892-096	37.176		31.238		5.938	26.487
8723-2012-2851-096	52.000		25.000		27.000	20.845
8793-2012-2913-096	601.160		227.382		373.778	172.827
8793-2012-2886-096	362.515		294.903		67.612	210.487
8723-2012-3735-096	50.000		-		50.000	-
8723-2012-2886-096	372.563		264.497		108.066	223.407
8723-2012-2849-096	9.500		9.500		-	6.149
	<b>\$ 18,104,810</b>		<b>\$ 16,432,227</b>		<b>\$ 1,672,583</b>	<b>\$ 14,259,714</b>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**SCHEDULE OF BHHF FUNDING STATUS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Department of Health Account Number	Award	Deferred Support 6-30-10	Earned and Billed	Unearned and Billed	Not Billed	Collected 06-30-11
0525-2011-2919-219-252	\$ 174.600		\$ 159.467		\$ 15.133	\$ 101.886
0525-2011-2915-219-252	90.000		90.000		-	82.500
0525-2011-3065-219-252	3,357.573		3,357.573		-	3,357.573
0525-2011-2851-219-252/258	1,298.472		1,298.472		-	1,298.472
0525-2011-2851-219-252/258	50.000		50.000		-	45.833
0525-2011-3041-219-252	1,163.003		1,163.003		-	1,163.003
0525-2011-3040-219-252	291.291		291.291		-	241.872
0525-2011-2851-219-252/258	484.000		456.007		27.993	381.859
0525-2011-3701-219-252	920.831		920.831		-	854.899
0525-2011-3701-219-252	130.000		82.037		47.963	70.843
0525-2010-3701-219-252	31.429		26.592		4.837	26.592
0525-2010-3701-219-252	94.200		20.180		74.020	-
0525-2008-3702-219-252	12.000		12.000		-	12.000
0525-2011-3702-219-252	153.472		153.472		-	129.083
0525-2011-3702-219-252	25.000		25.000		-	21.884
0525-2011-3702-219-252	77.543		64.254		13.289	25.773
0525-2011-3702-219-252	284.375		244.527		39.848	219.952
0525-2011-3702-219-252	60.000		60.000		-	55.000
0525-2011-3702-219-252	38.082		38.082		-	32.059
0525-2011-3702-219-252	500.000		465.258		34.742	305.817
0525-2011-2851-219-252	89.462		81.367		8.095	74.466
0525-2011-2851-219-252	173.350		140.905		32.445	130.920
0525-2011-2851-219-252	98.259		98.259		-	90.070
0525-2011-2870-221-252	91.285		87.346		3.939	70.555
0525-2011-2870-219-252	100.000		81.019		18.981	70.176
0525-2011-2885-219-252	390.000		310.960		79.040	273.096
0525-2011-2890-804-252	194.000		194.000		-	176.592
0525-2011-2891-219-252	2,423.954		2,423.954		-	2,123.436
0525-2011-2892-219-252	49.028		49.028		-	41.848
0525-2011-2892-219-252	43.564		29.607		13.957	27.472
0525-2011-2892-219-252	53.203		53.203		-	34.414
0525-2011-2892-219-252	25.000		25.000		-	21.293
0525-2011-2885-219-252	100.000		100.000		-	92.799
0525-2011-2915-219-252	20.000		18.057		1.943	-
0525-2011-3703-335-252	577.550		577.550		-	511.406
0525-2011-3115-219-252	314.895		210.194		104.701	118.420
0525-2011-3115-219-252	370.444		151.602		218.842	68.381
0525-2011-3115-219-252	238.072		102.662		135.410	72.145
0525-2011-3115-219-252	243.623		77.948		165.675	44.436
0525-2011-3115-219-252	242.070		200.512		41.558	152.110
0525-2010-3115-219-252	121.387		121.387		-	121.387
0525-2010-3115-219-252	223.279		223.279		-	223.279
0525-2010-3115-219-252	150.530		118.977		31.553	118.977
0525-2010-3115-219-252	95.869		95.869		-	95.869
0525-2010-3115-219-252	52.081		52.081		-	52.081
0525-2011-2913-219-252-258	192.381		192.381		-	192.381
0525-2011-3702-219-252-258	275.000		186.936		88.064	145.244
8793-2011-2885-096-128-17959	362.503		262.564		99.939	143.026
8793-2011-2890-096-128-17959	1,105.750		1,105.750		-	955.511
8793-2011-2891-096-128-17959	175.037		171.121		3.916	138.498
8793-2011-2892-096-128-17959	37.176		28.227		8.949	25.497
8723-2011-2851-096-128-18935	25.000		25.000		-	22.916
8793-2011-2913-096-128-18326	464.436		222.672		241.764	193.774
8793-2011-2886-096-128-17959	356.515		342.215		14.300	220.755
8723-2011-2886-096-128-18327	372.563		242.137		130.426	208.763
	<b>\$ 19,083,137</b>	<b>\$ -</b>	<b>\$ 17,381,815</b>	<b>\$ -</b>	<b>\$ 1,701,322</b>	<b>\$ 15,478,893</b>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**BHHF STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET**  
**FOR COMPREHENSIVE AND MR/DD FACILITIES**  
**ACCRUAL BASIS**  
**JUNE 30, 2012**

**ASSETS**

1 Cash	\$	287,384
2 Short Term Investments		1,301,147
3 Accounts Receivable - BHHF		2,192,698
4 Accounts Receivable - Clients		107,910
5 Accounts Receivable - Medicaid		2,829,723
6 Accounts Receivable - Medicaid MR/DD Waiver		745,783
7 Accounts Receivable - Other		1,695,269
8 Inventory		-
9 Prepaid/Other		404,869
10 TOTAL CURRENT ASSETS		<u>9,564,783</u>

NON-CURRENT ASSETS:

FIXED ASSETS

11 Property, Land and Equipment - BHHF		849,848
12 Less Accumulated Depreciation		(556,768)
13 Property, Land and Equipment - Other		14,645,383
14 Less Accumulated Depreciation		<u>(5,989,241)</u>
15 Total Property, Land and Equipment (NET)		<u>8,949,222</u>

OTHER NON - CURRENT ASSETS

16 Long - Term Investments		50,000
17 Other		<u>197,000</u>
<b>18. TOTAL ASSETS</b>		<u><u>\$ 18,761,005</u></u>

(Continued)

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**BHHF STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET**  
**FOR COMPREHENSIVE AND MR/DD FACILITIES**

**ACCRUAL BASIS**

**JUNE 30, 2012**

**LIABILITIES**

**CURRENT LIABILITIES**

19. Accounts Payable	\$ 1,769,431
20. Taxes Payable	-
20a. Provider Taxes Payable	-
21. Line of Credit - Payable	354,594
22. Short-Term Notes Payable	354,132
23. Accrued Expenses	2,155,702
24. Other Current Liabilities	166,804
<b>25. TOTAL CURRENT LIABILITIES</b>	<b><u>4,800,663</u></b>

**LONG-TERM LIABILITIES**

26. Long-Term Notes Payable	3,896,459
27. Other Long-Term Liabilities	453,873

**28. TOTAL LIABILITIES** **9,150,995**

**NET ASSETS**

29. Unrestricted Net Assets	9,606,995
30. Temporarily Restricted Net Assets	3,015
31. Permanently Restricted Net Assets	-

**32. TOTAL LIABILITIES AND NET ASSETS** **\$ 18,761,005**

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**BHHF STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT**  
**FOR COMPREHENSIVE AND MR/DD FACILITIES**  
**ACCRUAL BASIS**  
**JUNE 30, 2012**

**REVENUE AND SUPPORT**

	Year-To-Date
1. Charity Care	
1a. Charity Care - Account 4311.1	\$ 2,340,923
1b. Charity Care - Account 4311.2	3,410,677
1c. Charity Care - Account 4312.1	-
1d. Charity Care - Account 4312.2	-
1e. Charity Care - Account 4314.1	946,287
1f. Charity Care - Account 4314.2	-
1g. Charity Care - Account 4315.1	233,288
1h. Contractual Write-Off Charity Account 4337.1	(5,984,888)
1i. Charity Care Revenue - Account 4329	-
1j. Support/Alternative Svcs. Rev. - Account 4358	(946,287)
Total	-
2. Gross Client Service Revenue	26,531,993
3. Contractual Adjustments (Target Funds)	(534,848)
3a. Contractual Adjustments (Non-Target Funds)	(4,886,271)
5. Net Client Service Revenue	21,110,874
Net Client Service Revenue	
6. Medicaid (Target Funds)	1,007,720
6a. Medicaid (Non-Target Funds)	10,139,624
7. Medicaid MR/DD Waiver (Non-Target Funds)	5,216,018
8. ICF/MR (Non-Target Funds)	-
9. Private Pay (Non-Target Funds)	804,485
9a. Private Pay (BHHF Target Funds)	41,818
9b. Private Pay (BHHF Non-Target Funds)	-
10. Other Client Service Revenue (Target Funds)	494,524
10a. Other Client Service Revenue (Non-Target Funds)	3,406,685
11. Total Net Client Service Revenue	21,110,874
12. BHHF Support	17,766,665
13. Other/Public Support	2,889,737
14. Other	1,108,062
<b>15. TOTAL REVENUE AND SUPPORT</b>	<b>42,875,338</b>

(Continued)

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**BHHF STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT**  
**FOR COMPREHENSIVE AND MR/DD FACILITIES**  
**ACCRUAL BASIS**  
**JUNE 30, 2012**

**EXPENSES**

16. Salaries	\$ 22,720,270
17. Fringe Benefits	5,420,687
18. Contractual Services	4,200,642
19. Provider Tax	483,688
19a. Bad Debts	-
19b. Bad Debts (BHHF Target Funds)	24,362
19c. Bad Debts (BHHF Non-Target Funds)	1,097,845
20. Depreciation Expense	961,174
21. Other Expenses	7,922,698
	<hr/>
22. <b>TOTAL EXPENSES</b>	<b>42,831,366</b>
	<hr/>
23. <b>NET INCOME (LOSS)</b>	<b>\$ 43,972</b>
	<hr/> <hr/>

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.  
(A NON-PROFIT CORPORATION)  
SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED  
WITH BHHF FUNDING  
June 30, 2012

State Account Number of Funds Used/ Program Name	Description of Equipment	Vendor Name	Acquisition Date	Cost	ID No.
4190-57-E-V-03-09/ Parc West	Computer		07/01/93	1,399	CECMPTER
	Computer - 133 Pentium	PCN, Inc	01/31/97	1,362	247EQ003
	Computer - 166 Pentium	Ram Tech	01/31/97	1,546	247EQ004
	Chairs (15)	WV Business	04/30/97	1,500	247EQ007
	Chairs (80)	WV Business	04/30/97	5,546	247EQ009
	Furniture	WVSASP	04/30/97	1,000	247EQ010
	Telephones (10)	American	04/30/97	6,000	247EQ011
	Canon 4050 Copier	WV Business	07/01/97	10,695	247EQ022
0525-2001-2874-803-252	Computer	Dell	05/01/99	1,279	807EQ028
	Furniture	All A Board	06/30/99	2,086	154EQ003
	Furniture	All A Board	06/30/99	1,043	154EQ004
5152-2000-2875-099-03394	Copier & Sorter	WV Business	08/01/99	25,954	247EQ032
	Washer & Dryer	WI Fife	11/02/99	8,512	247EQ033
	Scanner & installation	Superior Office	06/30/99	4,240	807EQ034
8793-2001-2886-096-252 Parc West	Notebook computer	Micron	04/10/98	2,265	268EQ006
	Surveillance System		06/30/99	1,150	100EQ037
5152-2000-2875-099-03394	Medicine Cart	WV Business	05/31/00	2,027	267EQ034
	Office Furniture	Office Depot	02/22/00	1,572	818EQ002
	Copier	WV Business	03/06/00	3,175	818EQ004
0525-2001-2890-219-252/258	Kardex Files	Better Business Systems	05/29/01	15,393	247EQ036
	Bedroom Furniture	Value City Furniture	06/07/01	2,734	247EQ038
8793-2001-2890-096-128-6563	Big Screen TV	Sears	09/01/00	1,590	239EQ013
	Satelite Dish	Wilk's TV	09/07/00	2,970	239EQ012
	Projector	CDW Computer Centers	09/26/00	2,644	239EQ009
	Shredder	Stationer's	10/11/00	1,550	239EQ016
	Chair, Table, & File	Stationer's	10/19/00	1,154	239EQ017
	Conference Phone	POLYCOM	10/25/00	1,012	239EQ014
	CRI Monitor	DELL Marketing	11/01/00	2,331	239EQ018
	Sofa Frame	All A Board	02/20/03	2,634	237EQ051



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8793-2003-2890-096-128-07887	Kenmore Washer	Sears	02/20/03	1,329	2502EQ04
	Dodge Caravan	Crockett	05/12/03	11,600	Y2502VH2
	2001 Dodge Caravan	Crockett	05/23/03	13,150	Y237VH006
	Bedroom Furniture (4)	All A Board	06/12/03	5,875	237EQ061
	Playground Equipment	84 Lumber	06/18/03	1,793	237EQ060
	Software-Remote Admin	Regsoft com	06/27/03	4,525	237EQ062
0525-2004-3040-219-252	2 Piece Leather Sofa	Value City	05/05/04	1,589	6220EQ02
	7 Piece Dinette Set	Value City	05/05/04	1,060	6220EQ03
	2003 Ford E350 Van	Crockett Used Cars	06/29/04	20,000	Y6220VH1
	Kaid Dishwasher	Lowes	06/30/04	1,128	6220EQ11
8793-2004-2890-096-128-09183	Paperless Medical Records	IDP	06/30/04	93,924	8400EQ08
8793-2004-2918-096-128-8930	V-Comm Phone System	Greg Pelfrey	02/24/04	3,678	993EQ001
0525-2004-3040-219-252	Refrigerator	Lowes	07/02/04	528	6220EQ12
0525-2004-3448-219/258-6922	2005 12 Passenger Eco Van	Stephen's Auto Center	05/11/05	18,078	Y6230VH1
Transfer from Northwood	Playstation		11/01/04	6,000	9170EQ01
0525-2004-3448-219/258-6922	Furniture-1 couch & 2 loveseats	Value City	05/24/06	1,738	6230EQ02
	Patio Furniture-2 sets	Lowes	06/20/06	3,748	6230EQ03
	Cisco Phone Equipment	ATS	06/29/06	848	6250EQ01
0525-2006-2851-219-252/258	5-IBM N/books w/cases & 2 Printers	Tiger Direct	03/29/06	5,150	1740EQ01
	Systemax Dual Core Server	Tiger Direct	03/29/06	977	1740EQ02
	IBM Thinkpad T30	Saveateagle com	4/21/2006	562	1740EQ03
	12-Computers w/Flat Monitors	Tiger Direct	01/12/06	7,642	9120EQ01
	Cannon Scanner w/License	Sceris, Inc.	01/17/06	10,083	9120EQ05
	9-3 Drawer Dressers	All A Board	04/25/06	2,654	9120EQ08
	15-Twin Beds w/Mattresses	All A Board	04/25/06	5,735	9120EQ09
	Sectional Sofa & Chair	Big Sandy	5/12/2006	1,166	9360EQ01
	DLP Projector	Office Depot	05/16/06	1,060	9110EQ02/912
	2-Sectional Refrigerators	Colonial Food Services	06/27/06	5,902	9120EQ11
	Furniture	Stationers	02/16/06	1,822	8410EQ01
	Living/Dining Room Furniture	All A Board	03/07/06	3,215	9160EQ03
	Bedroom Furniture	All A Board	03/07/06	20,755	9160EQ04
	Fun Center Playground Equipment	BYO Playground com	06/21/06	6,120	9160EQ06
	11-Mattresses w/Built-in Box Springs	All A Board	03/08/06	1,325	9150EQ03
	13-Diningroom Chairs	All A Board	04/04/06	1,570	9150EQ04
0525-2002-3448-219-252	IBM Thinkpad N/Book	Tiger Direct	9/28/2006	4,060	1970EQ01
	3-Laserjet Printers	Tiger Direct	9/28/2006	1,670	1970EQ02
	Replacement Warranty-Computers (2 YRS)	Tiger Direct	9/28/2006	1,408	1970EQ03

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0525-2002-3448-219-252	Canon 3080C Scanner	Sceris	10/4/2006	2,950	1970EQ04
	Desk Workstation	Stationers	11/20/2006	4,885	1970EQ05
	Screen Print Conveyer Dryer	Ryonet Corp	1/31/2007	1,945	1820EQ04
	Entrepreneur Complete Screen Shop	Ryonet Corp	1/31/2007	4,055	1820EQ05
0525-2007-2891-219	CF Refrigerator	Lowe's	1/30/2007	632	9360EQ02
0525-2007-2918-219-025	Optoma TX700 Projector	Tiger Direct	9/20/2006	1,180	931EQ001
	Lenova PC Notebook	Tiger Direct	9/23/2006	936	931EQ002
	Moved from Vehicles-01 Dodge Van(1130)	Ernie's	5/7/2007	7,200	Y906VH14
	4-Jetbook C250S Systems	Source Code Corp	6/22/2007	3,092	1130EQ01
0525-2007-3702-219-252/258	3-Computers & 1-Laser Printer	Tiger Direct	8/8/2006	1,240	7015EQ01
	3-Computers & 1-Laser Printer	Tiger Direct	8/23/2006	1,354	7015EQ02
	Catalyst 3560 24 Port Switch	Advanced Tech	12/11/2006	1,056	7015EQ03
	Laser Jet Printer	Tiger Direct	1/5/2007	430	7015EQ08
	4-Computers	Tiger Direct	1/5/2007	1,515	7015EQ09
	5-Expresso Desks	Stationers	1/11/2007	1,700	7015EQ04
	6-Leather Chairs	Stationers	1/11/2007	1,240	7015EQ05
	2-Folding Tables	Stationers	1/11/2007	356	7015EQ06
	5-Desk Lamps	Stationers	1/11/2007	589	7015EQ07
	Jetbook C2505 System	Source Code Corp	3/21/2007	817	7015EQ10
	HP Laser Printer	Source Code Corp	3/22/2007	500	7015EQ11
5156-2006-3448-335-252	Vinal Flooring-Bathroom	Fabric Town	8/4/2006	829	6250BI02
	Down Stairs Carpet	Fabric Town	8/9/2006	3,113	6250BI03
	Vinal Flooring-Bathroom	Fabric Town	8/9/2006	604	6250BI04
	2003 Dodge Caravan-Silver (RU 6250)	Crockett	8/14/2006	11,900	Y906VH09
	4 PC Livingroom Furniture	Value City	8/16/2006	1,261	6250EQ02
	7 PC Diningroom Furniture	Value City	8/16/2006	2,152	6250EQ03
	Rear Parking Lot	Housing Develop	8/21/2006	7,900	6250BI01
	Stackable Washer/Dryer	Lowe's	8/24/2006	1,907	6250EQ04
	Dishwasher & Refrigerator	Lowe's	8/24/2006	1,297	6250EQ05
	Carpet and Molding	Fabric Town	9/8/2006	3,306	6250EQ06
	Security System	Standard AI	9/18/2006	7,501	6250EQ07
	Repair & Replace Parking Lot	Akers	10/13/2006	1,800	6250EQ10
	Install Fire Alarm System	River CF	10/25/2006	1,913	6250EQ08
	Emergency Lights	Whitt Mead	10/26/2006	1,271	6250EQ11
	Install Sprinkler System	Sentry	10/27/2006	28,800	6250EQ09
	2-GE Upright Freezers	Lowe's	6/20/2007	1,268	6250EQ23
	GE Electric Range	Lowe's	6/20/2007	692	6250EQ24
	Computer, Monitor, & Printer	Tiger Direct	6/21/2007	1,340	6250EQ21
	8-Twin Beds	Value City	6/25/2007	2,599	6250EQ16
	Loveseat & Sofa	Value City	6/25/2007	954	6250EQ17

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5156-2006-3448-335-252	8-Twin Restopedic Mattress Sets	Value City	6/25/2007	2,035	6250EQ22
	Highback Swivel Chair	Stationers	6/26/2007	530	6250EQ14
	2-Systemax Computers	Tiger Direct	6/26/2007	1,368	6250EQ15
	4-Highback Chairs	Stationers	6/26/2007	988	6250EQ18
	Desk Workstation w/selves	Stationers	6/26/2007	2,827	6250EQ19
	Executive Desk w/side extentions	Stationers	6/26/2007	3,587	6250EQ25
	2-Bookshelves & 1 EZ Store	Stationers	6/26/2007	1,560	6250EQ26
	2-Credenzas	Stationers	6/26/2007	1,902	6250EQ27
	3-Box File Cabinets	Stationers	6/26/2007	1,307	6250EQ28
	Corner Table w/extention	Stationers	6/29/2007	748	6250EQ20
5156-2008-3703-335-252	2-File Credenzas	Big Sandy	6/29/2007	871	6250EQ09
525-2007-3702-219	Furniture for Bedrooms	Big Lots	10/30/2006	3,095	9380EQ02
	8-4 Drawer Chests	All-A-Board	1/9/2007	2,577	9380EQ03
	4 Sets of Tables	All-A-Board	1/9/2007	3,259	9380EQ04
	Dining Room /Computer Furniture	All-A-Board	1/9/2007	1,778	9380EQ05
	Canon Copier & Fax	WV Business	1/29/2007	1,055	9380EQ06
	Moved from Vehicles-07 Dodge Caravan(93)	Stephen's Auto	4/25/2007	14,249	Y906VH20
8793-2007-2890-096-128-12988	Rubber Mulch-Playground	Green's Feed	9/6/2006	2,577	9200EQ05
	2-Desks, 1-Bookcase-From PC Equip	Stationers	9/5/2006	2,313	1515EQ01
	3-Thinkpad T40 & Warranty	Tiger Direct	11/22/2006	3,376	1320EQ01
8793-2007-2892-096-128-12988	HP Computer T2400	Tiger Direct	11/23/2006	1,208	1320EQ02
0525-2008-3448-219-252	FURNITURE	TRI DATA	4/21/2008	3,392	6230EQ15
	P96376390101	VALUE	4/28/2008	632	6230EQ14
	MAHOGANY 4 DRAWER FILE	TRI DATA	5/15/2008	1,314	6230EQ16
	MAHOGANY 2 DRAWER FILE	TRI DATA	5/15/2008	729	6230EQ17
	CHERRY LATERAL FILE	TRI DATA	5/15/2008	869	6230EQ18
	CHERRY DESK	TRI DATA	5/15/2008	784	6230EQ19
	CHERRY COMBINATION FILE	VALUE	5/15/2008	1,113	6230EQ20
	MASTERCHEST	LOWES	5/15/2008	689	6230EQ21
	REFRIGERATOR	TIGER	5/15/2008	570	6230EQ22
0525-2008-3702-219-252/258	Bedroom Furniture Sets	TRI DATA	8/13/2007	2,787	7015EQ12
	COLOR SCANNER	Tiger	11/26/2007	126	1500EQ02
	Computer	Tiger	2/5/2008	380	7015EQ13
0525-2008-2877-219-252	FURNITURE	TRI DATA	7/7/2008	5,797	6780EQ03
	HON DESK	WALMART	7/21/2008	530	6780EQ04
	TREADMILL	WALMART	7/21/2008	582	6780EQ05
	SONY 42" LCD HDTV		7/21/2008	1,681	6780EQ06
8794-2008-2913-096-128-1415	LENOVO LAPTOP	VALUE	7/21/2008	718	5110EQ01
	Computer Equipment	Tiger	10/2/2008	611	7015EQ14
8723-2010-2885-096-128-1778	Computers	Tiger	4/30/2010	2,811	00001152-1

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8723-2009-2885-096-128-16616	Tablet Computer	Tiger	8/10/2009	10,635	00001087-1
0525-2010-3115-219-252/258	2009 Van	Enterprise	8/10/2010	17,909	00001189-1
	Van	Enterprise	8/31/2010	17,909	00001190-1
	Mary Weoful	Big Sandy	8/31/2010	8,178	00001191-1
	6 Twin Beds	Imperial Bedding	8/31/2010	996	00001192-1
	Supportive Living Furniture	Big Sandy	8/31/2010	3,739	00001193-1
	Office Furniture	Tri-Data	8/31/2010	2,554	00001194-1
	2009 Van/Knox Ave	Enterprise	8/31/2010	17,914	00001195-1
	Furniture	Big Sandy	9/30/2010	13,390	00001203-1
	Furniture	Big Sandy	9/30/2010	12,860	00001204-1
	Furniture	Big Sandy	9/30/2010	6,781	00001205-1
	Entertainment Centers	Big Sandy	9/30/2010	1,017	00001206-1
	2009 Van	Enterprise	9/30/2010	17,914	00001207-1
	2009 Van	Enterprise	9/30/2010	17,279	00001208-1
0525-2011-3115-219-252/258	Walnut Place Renovations	Elmer Redden	11/30/2010	37,800	00001220-1
	Hooten	Hooten Equipment	11/30/2010	5,194	00001221-1
	Standard Alarm Company	Standard Alarm	1/31/2011	9,510	00001216-1
	Furniture for Cypress	Big Sandy	1/31/2011	14,655	00001228-1
	WP Elec Washer/Dryer	Lowes	1/31/2011	1,556	00001229-1
	Big Sandy	Big Sandy	2/28/2011	10,044	00001238-1
	Tiger Direct	Tiger Direct	2/28/2011	980	00001239-1
	Monitor/Printer	Tiger Direct	2/28/2011	1,194	00001240-1
	Digital Scale	Briggs	3/31/2011	1,346	00001245-1
	Exe Out Furniture	Big Sandy	3/31/2011	3,977	00001246-1
	Washer/Dryer Exe Out	Big Sandy	3/31/2011	1,049	00001247-1
	Adkins Design	Adkins Design	4/30/2011	6,500	00001252-1
	Big Sandy	Big Sandy	6/30/2011	2,841	00001270-1
	Big Sandy	Big Sandy	6/30/2011	848	00001271-1
	Big Sandy	Big Sandy	6/30/2011	1,325	00001272-1
	Standard Alarm Company	Standard Alarm	6/30/2011	5,220	00001273-1
	HDC	Housing Development Corporation	6/30/2011	7,500	00001274-1
<b>Total</b>				<b>\$ 849,848</b>	

