

MILAN PUSKAR HEALTH RIGHT, INC.

FINANCIAL REPORT

JUNE 30, 2012

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DHHR - Finance

JUL 16 2014

Date Received

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arnett  
foster  
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CPAs & Advisors

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Milan Puskar Health Right, Inc.  
Morgantown, West Virginia

We have audited the statement of financial position of Milan Puskar Health Right, Inc., as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of June 30, 2011, were audited by Toothman Rice PLLC, who merged with Arnett Foster Toothman PLLC as of September 1, 2012, and whose report dated January 4, 2012, expressed an unqualified opinion on those statements.

We conducted our 2012 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of Milan Puskar Health Right, Inc., as of June 30, 2012, 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.

*Arnett Foster Toothman PLLC*

Bridgeport, West Virginia  
December 13, 2012

DHHR - Finance

JUL 16 2014

Date Received

MILAN PUSKAR HEALTH RIGHT, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 247,709	\$ 292,577
Certificates of deposit	181,284	180,874
Grants and other receivables, including grant receivable from United Way of Monongalia and Preston Counties (2012 - \$62,500; 2011 - \$62,500)	120,838	106,811
Other assets	6,193	8,654
Total current assets	<u>556,024</u>	<u>588,916</u>
<b>RESTRICTED ASSETS (Note 5)</b>		
Cash	<u>98,333</u>	<u>98,333</u>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Land	60,000	60,000
Building	918,300	918,300
Office equipment	207,237	199,580
	<u>1,185,537</u>	<u>1,177,880</u>
Less accumulated depreciation	394,423	357,107
	<u>791,114</u>	<u>820,773</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,445,471</u></b>	<b><u>\$ 1,508,022</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 19,704	\$ 15,988
Accrued liabilities	32,550	34,837
Total current liabilities	<u>52,254</u>	<u>50,825</u>
<b>NET ASSETS</b>		
Unrestricted	967,739	1,031,719
Unrestricted - designated by board of directors	264,645	264,645
Temporarily restricted	62,500	62,500
Permanently restricted	98,333	98,333
Total net assets	<u>1,393,217</u>	<u>1,457,197</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,445,471</u></b>	<b><u>\$ 1,508,022</u></b>

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

MILAN PUSKAR HEALTH RIGHT, INC.

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>INCOME AND OTHER SUPPORT</b>				
Donated services and supplies	\$ 13,602,482	\$ -	\$ -	\$ 13,602,482
West Virginia Department of Health and Human Resources	687,096	-	-	687,096
United Way	77,501	62,500	-	140,001
Program services	72,311	-	-	72,311
H.R. McQuain trust	30,000	-	-	30,000
Hott/Brown	20,000	-	-	20,000
Monongalia County	40,000	-	-	40,000
Contributions and other revenue	78,957	-	-	78,957
Special events, net	63,785	-	-	63,785
Benedum Foundation	5,000	-	-	5,000
Other	64,582	-	-	64,582
Interest and dividends	1,053	-	-	1,053
Net assets released from restrictions	<u>62,500</u>	<u>(62,500)</u>	<u>-</u>	<u>-</u>
Total income and other support	<u>14,805,267</u>	<u>-</u>	<u>-</u>	<u>14,805,267</u>
<b>EXPENSES</b>				
Donated services and supplies	13,602,483	-	-	13,602,483
Patient care	1,055,641	-	-	1,055,641
Administration	164,695	-	-	164,695
Depreciation	37,316	-	-	37,316
Fundraising	9,112	-	-	9,112
Total expenses	<u>14,869,247</u>	<u>-</u>	<u>-</u>	<u>14,869,247</u>
Change in net assets	(63,980)	-	-	(63,980)
Net assets beginning of the year	<u>1,296,364</u>	<u>62,500</u>	<u>98,333</u>	<u>1,457,197</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,232,384</u>	<u>\$ 62,500</u>	<u>\$ 98,333</u>	<u>\$ 1,393,217</u>

The Notes to Financial Statements are an integral part of this statement.

MILAN PUSKAR HEALTH RIGHT, INC.

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>INCOME AND OTHER SUPPORT</b>				
Donated services and supplies	\$ 15,639,557	\$ -	\$ -	\$ 15,639,557
West Virginia Department of Health and Human Resources	656,118	-	-	656,118
United Way	70,490	62,500	-	132,990
Program services	54,981	-	-	54,981
H.R. McQuain trust	30,000	-	-	30,000
Hott/Brown	24,000	-	-	24,000
Monongalia County	49,000	-	-	49,000
Contributions and other revenue	99,263	-	-	99,263
Special events, net	42,860	-	-	42,860
Benedum Foundation	4,174	-	-	4,174
Other	51,496	-	-	51,496
Interest and dividends	2,371	-	-	2,371
Net assets released from restrictions	<u>62,500</u>	<u>(62,500)</u>	<u>-</u>	<u>-</u>
Total income and other support	<u>16,786,810</u>	<u>-</u>	<u>-</u>	<u>16,786,810</u>
<b>EXPENSES</b>				
Donated services and supplies	15,639,557	-	-	15,639,557
Patient care	998,397	-	-	998,397
Administration	169,619	-	-	169,619
Depreciation	41,382	-	-	41,382
Fundraising	9,380	-	-	9,380
Total expenses	<u>16,858,335</u>	<u>-</u>	<u>-</u>	<u>16,858,335</u>
CHANGE IN NET ASSETS	(71,525)	-	-	(71,525)
NET ASSETS AT BEGINNING OF YEAR	<u>1,367,889</u>	<u>62,500</u>	<u>98,333</u>	<u>1,528,722</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,296,364</u>	<u>\$ 62,500</u>	<u>\$ 98,333</u>	<u>\$ 1,457,197</u>

The Notes to Financial Statements are an integral part of this statement.

MILAN PUSKAR HEALTH RIGHT, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2012

	Patient Care	Administration	Fundraising	Total Expenses
<b>EXPENSES BEFORE DONATED SERVICES AND SUPPLIES</b>				
Salaries and benefits	\$ 699,123	\$ 124,958	\$ -	\$ 824,081
Office expense	22,405	2,369	1,044	25,818
Telephone	4,919	4,920	-	9,839
Utilities	9,436	9,437	-	18,873
Legal and accounting	-	4,458	-	4,458
Contract services	134,837	-	-	134,837
Volunteer costs	2,029	-	5,433	7,462
Supplies	131,575	1,311	-	132,886
Occupancy	23,821	15,881	-	39,702
Travel	4,957	-	-	4,957
Insurance	22,539	1,361	-	23,900
Miscellaneous	-	-	2,635	2,635
	<u>1,055,641</u>	<u>164,695</u>	<u>9,112</u>	<u>1,229,448</u>
Depreciation	<u>18,658</u>	<u>18,658</u>	<u>-</u>	<u>37,316</u>
Expenses before donated services and supplies	<u>1,074,299</u>	<u>183,353</u>	<u>9,112</u>	<u>1,266,764</u>
<b>DONATED SERVICES AND SUPPLIES</b>				
Medical supplies and materials	9,581,673	-	-	9,581,673
Medical services	<u>4,020,810</u>	<u>-</u>	<u>-</u>	<u>4,020,810</u>
Total donated services and supplies	<u>13,602,483</u>	<u>-</u>	<u>-</u>	<u>13,602,483</u>
<b>TOTAL EXPENSES</b>	<u>\$ 14,676,782</u>	<u>\$ 183,353</u>	<u>\$ 9,112</u>	<u>\$ 14,869,247</u>

The Notes to Financial Statements are an integral part of this statement.

MILAN PUSKAR HEALTH RIGHT, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 Year Ended June 30, 2011

	Patient Care	Administration	Fundraising	Total Expenses
<b>EXPENSES BEFORE DONATED SERVICES AND SUPPLIES</b>				
Salaries and benefits	\$ 661,834	\$ 124,958	\$ -	\$ 786,792
Office expense	19,981	7,494	992	28,467
Telephone	5,085	5,085	-	10,170
Utilities	8,870	8,870	-	17,740
Legal and accounting	-	3,500	-	3,500
Contract services	128,514	-	-	128,514
Volunteer costs	1,389	-	3,773	5,162
Supplies	127,274	1,311	-	128,585
Occupancy	21,364	16,675	-	38,039
Travel	5,180	-	-	5,180
Insurance	18,906	1,726	-	20,632
Miscellaneous	-	-	4,615	4,615
	<u>998,397</u>	<u>169,619</u>	<u>9,380</u>	<u>1,177,396</u>
Depreciation	<u>20,691</u>	<u>20,691</u>	<u>-</u>	<u>41,382</u>
Expenses before donated services and supplies	<u>1,019,088</u>	<u>190,310</u>	<u>9,380</u>	<u>1,218,778</u>
<b>DONATED SERVICES AND SUPPLIES</b>				
Medical supplies and materials	12,163,788	-	-	12,163,788
Medical services	<u>3,475,769</u>	<u>-</u>	<u>-</u>	<u>3,475,769</u>
Total donated services and supplies	<u>15,639,557</u>	<u>-</u>	<u>-</u>	<u>15,639,557</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 16,658,645</u></u>	<u><u>\$ 190,310</u></u>	<u><u>\$ 9,380</u></u>	<u><u>\$ 16,858,335</u></u>

The Notes to Financial Statements are an integral part of this statement.



MILAN PUSKAR HEALTH RIGHT, INC.

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (63,980)	\$ (71,525)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,316	41,382
(Increase) in grants and other receivables	(14,027)	(20,268)
Decrease (increase) in other assets	2,461	(1,402)
Increase (decrease) in accounts payable	3,716	(25,324)
(Decrease) in accrued liabilities	<u>(2,287)</u>	<u>(24,171)</u>
Net cash (used in) operating activities	<u>(36,801)</u>	<u>(101,308)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(7,657)	(4,930)
Increase in certificates of deposit	<u>(410)</u>	<u>(21,588)</u>
Net cash (used in) investing activities	<u>(8,067)</u>	<u>(26,518)</u>
Net (decrease) in cash and cash equivalents	(44,868)	(127,826)
Cash and cash equivalents		
Beginning	<u>292,577</u>	<u>420,403</u>
Ending	<u>\$ 247,709</u>	<u>\$ 292,577</u>

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. DESCRIPTION OF ORGANIZATION

Milan Puskar Health Right, Inc. (MPHR or the Company) is a primary care clinic located in Morgantown, West Virginia. MPHR provides free medical and dental diagnosis, treatment, laboratory work, medications, X-rays, and referral services to the medically indigent of north central West Virginia.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The most significant estimates affecting the financial statements is the valuation of donated services and supplies.

#### Cash

MPHR maintains cash in demand deposit accounts with federally insured banks. The balances in these accounts occasionally exceed federally insured limits. In management's opinion, the amounts in excess of FDIC limits do not pose significant risk to MPHR. Cash and cash equivalents include all short-term deposits with an initial maturity of 90 days or less.

#### Basis of Financial Reporting

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

#### Net Asset Classification

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

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

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

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

## NOTES TO FINANCIAL STATEMENT (CONTINUED)

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

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

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Grant revenues, which are expended under terms of the grant agreement in the year of receipt, are reported as unrestricted income and other support in the statements of activities.

Use of unexpended grant funds is limited under the terms of the grant agreements; unexpended funds on hand are reported as temporarily restricted net assets. Grant funds released from restrictions in subsequent years are reported in unrestricted revenue in the statements of activities and changes in net assets. Contributions of cash and other assets are presented as temporarily restricted 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 activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution, grant or award is received, MPHR reports the support as unrestricted. Temporarily restricted net assets represent the amounts due from the United Way of Monongalia and Preston Counties, Inc., and are recorded as a receivable on the statement of financial position.

#### Permanently Restricted Net Assets

Permanently restricted net assets represent funds held and only the income from the investments will be provided to MPHR for its use in the future. The permanently restricted net assets are reported as restricted assets in the statements of financial position.

#### Grants and Other Receivables

Grants and other receivables are unsecured and are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the statement of activities in the year in which those differences are determined. Management estimates that all receivables are collectible as of June 30, 2012 and 2011; accordingly, no allowance for uncollectible accounts is considered necessary.

#### Economic Dependency

MPHR generates a substantial portion of its revenue from the West Virginia Department of Health and Human Resources, Bureau for Public Health, and various other grants. Changes in the amounts of grant funding could, therefore, significantly influence MPHR's ability to provide services. Additionally, in-kind donations of medical supplies, materials and services are provided to assist MPHR in accomplishing its mission. All in-kind donations are used to provide medical care to patients. Without these donations, MPHR could not achieve its objectives.

## NOTES TO FINANCIAL STATEMENT (CONTINUED)

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

#### Income Taxes

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

#### Property and Equipment

Fixed assets are stated at cost if purchased and fair value if contributed, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets (5 – 40 years). It is the policy of the Company to capitalize assets whose expected useful life is in excess of one year and cost is in excess of a pre-established threshold.

Normal repairs and maintenance are expensed as incurred; significant improvements which materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

#### Compensated Absences

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

#### Fair Value of Financial Instruments

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

#### Charity Care

The Company does not seek reimbursement from its patients for services rendered, although there are select government programs that provide some reimbursement for the services rendered to some patients. Therefore, the majority of all expenses represent charity care to the patient served. The grants and donations received unless restricted to some other purpose are utilized to cover the cost of the charity care.

### NOTE 3. RETIREMENT PLAN

The Board of Directors voted to establish (on 1/1/2009) a deferral only 403(b) plan that covers substantially all employees of MPHR. Employees have the option of contributing to a tax-deferred annuity. There was no Company pension expense for the years ended June 30, 2012 and 2011.

## NOTES TO FINANCIAL STATEMENT (CONTINUED)

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### NOTE 4. UNCERTAIN TAX POSITIONS

Accounting Standards prescribe a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Company does not believe its financial statements include any uncertain tax positions. The Company's federal return of Organizations Exempt from Income Taxes for tax years 2008, 2009 and 2010 (filed) and 2011 (unfiled) remain subject to examination by the Internal Revenue Service.

### NOTE 5. ASSETS LIMITED AS TO USE (RESTRICTED ASSETS)

Assets limited as to use consist of amounts permanently restricted under donor provisions. These amounts have been invested in cash and are stated at fair value. The composition of assets limited to use at June 30 is as follows:

	<u>2012</u>	<u>2011</u>
Stock donation converted to cash	\$ 18,333	\$ 18,333
William E. Johnson endowment	80,000	80,000
	<u>\$ 98,333</u>	<u>\$ 98,333</u>

### NOTE 6. MALPRACTICE INSURANCE

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

### NOTE 7. SUBSEQUENT EVENTS

The Company's management has evaluated events subsequent from June 30, 2012 through December 13, 2012, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Company's results going forward.



arnett  
foster  
toothman pllc

CPAs & Advisors

To the Board of Directors  
Milan Puskar Health Right, Inc.  
Morgantown, West Virginia

In planning and performing our audit of the financial statements of the Milan Puskar Health Right, Inc. for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

**Financial Statement Preparation**

The preparation of the financial statements and related footnotes of the Company are a part of your internal control system. As part of our audits, we prepared the financial statements and related footnotes from records and other information provided by management. For internal control purposes, your auditor cannot function as part of your internal control system over financial reporting.

Under recently revised audit standards, this condition constitutes a material weakness in internal control. However, the accounting world is complex and rapidly changing. Even though the auditor cannot be a part of your system of internal control, relying on others with expertise to prepare required material adjustments and footnote disclosures and the overall financial statement presentation is perfectly acceptable and remains a cost effective way of dealing



with this issue. Proposed standards may remove this currently acceptable alternative and the Company may in the future be forced to either prepare its own financial statements or engage accountants to prepare financial statements other than the auditors of those financial statements. We will keep you apprised of enacted changes in these rules.

### **Significant Audit Adjustments**

The Company is a small organization with limited personnel with limited accounting experience. During our audit we proposed adjustments that were material to reported amounts on the financial statements. As with the preparation of financial statements, the identification of material adjustments constitutes a material weakness in internal control, that at the present time is acceptable under current guidelines. Management has reviewed our proposed adjustments for propriety and has agreed with our findings. As discussed above, with the outsourcing of accounting functions, this weakness may have been already addressed.

### **Separation of Duties**

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

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

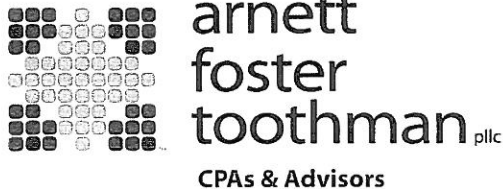
*Arnett Foster Tothman PLLC*

Bridgeport, West Virginia  
December 13, 2012

DHHR - Finance

JUL 16 2014

Date Received



December 13, 2012

To the Board of Directors  
Milan Puskar Health Right, Inc.  
Morgantown, West Virginia

We have audited the financial statements of Milan Puskar Health Right, Inc. for the year ended June 30, 2012, and have issued our report thereon dated December 13, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 12, 2012.

### 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 Milan Puskar Health Right, Inc. are described in Note 2 to the financial statements. The Organization adopted no new accounting policies during fiscal 2012.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- (1) Depreciation expense is an estimate based on the expected useful lives of the real estate, furniture and fixtures used by the Organization.
- (2) The estimated value of donated services and supplies is based on information provided by various local and national companies including Monongalia General Hospital, Mylan Pharmaceuticals, West Virginia University Hospitals and its related entities, Fairmont General Hospital, Preston Memorial Hospital and Monongalia Radiology Associates.

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

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

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



### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes the material misstatements detected as a result of our audit procedures. Management has corrected these misstatements.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 13, 2012.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

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

Very truly yours,

*Arnett Foster Toothman PLLC*

Bridgeport, WV

DHHR - Finance

JUL 16 2014

Date Received

Client: **Milan Puskar Health Right, Inc.**  
 Engagement: **Milan Puskar HR**  
 Period Ending: **6/30/2012**  
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
		<b>L.03</b>		
To accrue out of period ap tiems (client to reverse 7/1/2012) (client may need to post to 21010 in quickbooks)				
71100	71100 + Patient Services		8,805.50	
20000	20000 + Accounts Payable			8,805.50
<b>Total</b>			<b>8,805.50</b>	<b>8,805.50</b>

<b>Adjusting Journal Entries JE # 2</b>				
		<b>T03</b>		
to reclassify variance				
72100	72100 + 610 Salaries		2,986.07	
72080	72080 + 615 FICA-Co SS			2,986.07
<b>Total</b>			<b>2,986.07</b>	<b>2,986.07</b>

<b>Adjusting Journal Entries JE # 3</b>				
		<b>R"s</b>		
add remaining donated services				
81230	81230 + Donated Services		2,828,335.42	
41080	41080 + Services			2,828,335.42
<b>Total</b>			<b>2,828,335.42</b>	<b>2,828,335.42</b>

Client: **Milan Puskar Health Right, Inc.**  
 Engagement: **Milan Puskar HR**  
 Period Ending: **6/30/2012**  
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
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**Adjusting Journal Entries JE # 4**  
 To accrue two months receivable for Valley Health Systems

R.01-4

11000	11000 + Accounts Receivable		6,750.00	
45040	45040 + BPHC - Homeless Grant			6,750.00
<b>Total</b>			<b>6,750.00</b>	<b>6,750.00</b>

**Adjusting Journal Entries JE # 5**  
 To reclassify grant receivable, received subsequent to year end (client may have posted subsequent to year end).

gl reveiw

11000	11000 + Accounts Receivable		4,843.04	
12001	12001 + Undeposited Funds			4,843.04
<b>Total</b>			<b>4,843.04</b>	<b>4,843.04</b>