

UNITED SUMMIT CENTER, INC.

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

DHHR - Finance

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Date Received

INDEX

	Page
Independent Auditor's Report	1-3
Balance Sheets	4-5
Statements of Operations	6
Statements of Changes in Net Assets	7
Statements of Cash Flows	8
Notes to Financial Statements	9-22
SUPPLEMENTARY SCHEDULES	
Cumulative Schedule of Property and Equipment Purchased with BHHF - Administered Funding	23
Statement of BHHF Funding Status	24-27
Standardized Financial Statements	28-29
Schedule of State Grant Receipts and Expenditures	30
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
Schedule of Findings and Responses	33-34



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Summit Center, Inc.
Clarksburg, West Virginia

Report on the Financial Statements

We have audited the accompanying balance sheets of United Summit Center, Inc. (a non-profit organization) as of December 31, 2012 and 2011 and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Summit Center, Inc. as of December 31, 2012 and 2011, and 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules, as listed in the index, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, on our consideration of United Summit Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Summit Center, Inc.'s internal control over financial reporting and compliance.

Tetuck & Battlett, PLLC

May 3, 2013

UNITED SUMMIT CENTER, INC.
BALANCE SHEETS
DECEMBER 31,

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,734,887	\$ 1,312,444
Patient accounts receivable, net of contractual allowances and allowance for doubtful collections of approximately \$893,546 in 2012 and \$1,492,604 in 2011	3,287,646	3,052,168
Other receivables	832,604	1,124,700
Deposits	20,504	15,802
Prepaid expenses	88,083	82,682
Total current assets	<u>5,963,724</u>	<u>5,587,796</u>
Assets Whose Use is Limited		
Board-designated funds:		
Funded depreciation	3,368,473	4,333,737
Malpractice self-insurance, held by trustee	940,048	979,804
Total assets whose use is limited	<u>4,308,521</u>	<u>5,313,541</u>
Long-Term Investments	<u>11,579</u>	<u>9,988</u>
Land, Property and Equipment (net)	<u>2,177,852</u>	<u>1,037,168</u>
TOTAL ASSETS	<u>\$ 12,461,676</u>	<u>\$ 11,948,493</u>

	2012	2011
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 471,173	\$ 284,933
Salaries and benefits payable	1,249,280	1,348,524
Current portion of estimated medical malpractice claims liability	<u>283,984</u>	<u>287,500</u>
Total current liabilities	2,004,437	1,920,957
Estimated Medical Malpractice Claims Liability	<u>559,120</u>	<u>654,406</u>
Total Liabilities	<u>2,563,557</u>	<u>2,575,363</u>
Net Assets		
Unrestricted	<u>9,898,119</u>	<u>9,373,130</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,461,676</u>	<u>\$ 11,948,493</u>

The accompanying notes are an integral part of these financial statements.

**UNITED SUMMIT CENTER, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,**

	2012	2011
Changes in Unrestricted Net Assets		
Unrestricted revenues and support		
Net patient service revenues	\$ 17,409,865	\$ 15,071,688
Federal and state support	5,329,001	4,905,402
County support	52,788	50,274
Other income	419,722	420,480
Total unrestricted revenues and support	<u>23,211,376</u>	<u>20,447,844</u>
Expenses		
Salaries and wages	13,415,114	12,481,225
Contracted labor	392,947	595,581
Employee benefits	4,959,327	3,636,444
Purchased services and fees	141,627	162,061
Travel and registration fees	688,637	738,231
Rent	778,608	518,746
Medicaid tax	65,829	58,208
Utilities	378,301	329,047
Supplies	759,191	423,785
Depreciation	416,302	377,668
Insurance	152,193	116,055
Maintenance and repairs	248,700	174,227
Provision for bad debts	573,033	473,069
Other expenses	88,015	79,433
Other taxes and licenses	68,201	36,492
Total expenses	<u>23,126,025</u>	<u>20,200,272</u>
Operating income	85,351	247,572
Other income		
Investment income	<u>439,638</u>	<u>94,535</u>
Increase in unrestricted net assets	<u>\$ 524,989</u>	<u>\$ 342,107</u>

The accompanying notes are an integral part of these financial statements.

UNITED SUMMIT CENTER, INC.
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31,

	<u>Unrestricted</u>	<u>Total</u>
Net assets, January 1, 2011	\$ 9,031,023	\$ 9,031,023
Increase in unrestricted net assets for the year ended December 31, 2011	<u>342,107</u>	<u>342,107</u>
Net assets, December 31, 2011	9,373,130	9,373,130
Increase in unrestricted net assets for the year ended December 31, 2012	<u>524,989</u>	<u>524,989</u>
Net assets, December 31, 2012	<u>\$ 9,898,119</u>	<u>\$ 9,898,119</u>

The accompanying notes are an integral part of these financial statements.

UNITED SUMMIT CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2012	2011
Cash Flows from Operating Activities		
Increase in net assets	\$ 524,989	\$ 342,107
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	416,302	377,668
Net realized and unrealized (gains) losses on investments	(344,715)	47,044
Provision for uncollectible accounts	573,033	473,069
(Increase) decrease in:		
Patient accounts receivable	(808,511)	(2,324,415)
Other receivables	292,096	(334,197)
Deposits	(4,702)	5,785
Prepaid expenses	(5,401)	14,006
(Decrease) increase in:		
Accounts payable and accrued expenses	186,240	(86,441)
Salaries and benefits payable	(99,244)	210,599
Estimated medical malpractice claims liability	(98,802)	(164,050)
Net cash provided by (used in) operating activities	<u>631,285</u>	<u>(1,438,825)</u>
Cash Flows from Investing Activities		
Net sales (purchases) of assets whose use is limited:		
By Board for capital improvements	1,210,655	(111,756)
By Board for self-funded malpractice insurance	137,490	18,938
Acquisition of property and equipment	<u>(1,556,987)</u>	<u>(274,640)</u>
Net cash (used in) investing activities	<u>(208,842)</u>	<u>(367,458)</u>
Cash Flows from Capital and Related Financing Activities		
Payments of long-term debt	<u>-</u>	<u>(7,282)</u>
Net cash (used in) financing activities	<u>-</u>	<u>(7,282)</u>
Net increase (decrease) in cash and cash equivalents	422,443	(1,813,565)
Cash and cash equivalents - beginning	<u>1,312,444</u>	<u>3,126,009</u>
Cash and cash equivalents - ending	<u>\$ 1,734,887</u>	<u>\$ 1,312,444</u>
Supplemental Disclosure of Cash Flows Information		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 239</u>

The accompanying notes are an integral part of these financial statements.

**UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

Description of Organization

United Summit Center, Inc. (the Center) is a non-profit West Virginia corporation established for the purpose of providing mental health, mental retardation, and related services to residents of Harrison, Braxton, Doddridge, Lewis, Gilmer, Preston, Marion, and Taylor counties. Funding for operations is primarily from grant sources, purchased service contracts with the State of West Virginia, and fees for services provided.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Patient Accounts Receivable

Patient accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful collections is estimated based upon a periodic review of the accounts receivable aging, payor classifications, and application of historical write-off percentages.

A significant concentration of net patient receivables at December 31, 2012 and 2011 includes amounts receivable from Medicaid programs 65% and 79%, respectively. Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Assets Whose Use is Limited

Assets whose use is limited include assets set aside by the Board of Directors (the Board) for future capital improvements and assets held by trustee for future self-funded malpractice insurance claims over which the Board retains control and may at its discretion subsequently use for other purposes.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Cash and cash equivalents are carried at cost which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues (less than) in excess of expenses unless the income or loss is restricted by donor or law.

Land, Property and Equipment

Land, property and equipment acquired by the Center are considered to be owned by the Center. However, funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The funding sources have a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life greater than one year. Accordingly, the Center capitalizes all expenditures for fixed assets acquired with grant funds which have a cost of \$5,000 or more and an estimated useful life greater than one year.

The Center follows the practice of capitalizing, at cost, all expenditures for fixed assets acquired with Center funds in excess of \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets.

Net Patient Service Revenue

Net patient service revenues are reported at the estimated net realizable amounts from patients, 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, as necessary, in future periods as tentative and final settlements are received. It is reasonably possible that the estimates used could change in the near term.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Charity Care

The Center provides care to patients 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 in net patient service revenues.

The amount of estimated charity care costs for the years ended December 31, 2012 and December 31, 2011 were \$2,105,000 and \$3,223,000, respectively. The estimated costs were calculated based upon a ratio of cost to gross charges, and then multiplying that ratio by the provision for charity care (forgone charity care revenue).

Income Taxes

The United Summit Center, Inc. is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code.

The Center accounts for uncertainty in income taxes using a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2012 and 2011.

All required federal information returns for the Center have been filed up to, and including the tax year ended December 31, 2011. The Center's federal information returns for 2009, 2010 and 2011 remain subject to examination by the Internal Revenue Service.

Effective June 1, 1993, the legislature of the State of West Virginia enacted a broad-based healthcare related tax. This tax is based upon net patient service revenues of certain types of healthcare providers. The Center incurred expenses of approximately \$65,829 in 2012 and \$58,208 in 2011 related to this tax.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2. Deposits

The Center's deposits are categorized to give an indication of the level of risk assumed by the Center at December 31, 2012 and 2011. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the Center or its agent in the Center's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Center's name.

Category 3 - Uncollateralized.

	2012				Carrying Amount
	Bank Balance	1	Category 2	3	
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ 1,175
Checking	1,864,760	250,000	1,614,760	-	1,733,712
Total cash	<u>\$ 1,864,760</u>	<u>\$ 250,000</u>	<u>\$ 1,614,760</u>	<u>\$ -</u>	<u>\$ 1,734,887</u>

	2011				Carrying Amount
	Bank Balance	1	Category 2	3	
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ 1,150
Checking	1,455,217	250,000	1,205,217	-	1,311,294
Total cash	<u>\$ 1,455,217</u>	<u>\$ 250,000</u>	<u>\$ 1,205,217</u>	<u>\$ -</u>	<u>\$ 1,312,444</u>

3. Other Receivables

Other receivables consist of the following at December 31,:

	2012	2011
Grant receivable	\$ 824,853	\$ 912,660
Investment income receivable	4,864	7,786
Insurance recoveries receivable	-	196,914
Various	2,887	7,340
Total other receivables	<u>\$ 832,604</u>	<u>\$ 1,124,700</u>

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

4. Investments

Assets Whose Use is Limited

The composition of assets whose use is limited, stated at fair value, at December 31, 2012 and 2011, is set forth below.

	2012	2011
Board-designated funds:		
Funded depreciation		
Cash and cash equivalents	\$ 138,955	\$ 255,824
Mutual funds		
US fixed income	1,826,195	2,361,177
US large cap equity	979,492	1,206,999
US mid cap equity	175,328	242,082
International equity	<u>248,503</u>	<u>267,655</u>
Total Board-designated funds	<u>3,368,473</u>	<u>4,333,737</u>
Trustee-held funds:		
Cash and cash equivalents	59,665	39,658
Equity securities		
US large cap	84,803	184,155
Mutual funds		
US fixed income	398,943	517,099
US large cap equity	119,664	61,691
US mid cap equity	47,123	27,897
US small cap equity	3,950	5,273
International equity	156,292	101,410
Alternative investments	<u>69,608</u>	<u>42,621</u>
Total trustee-held funds	<u>940,048</u>	<u>979,804</u>
Total Assets Whose Use is Limited	<u>\$ 4,308,521</u>	<u>\$ 5,313,541</u>

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Long-Term Investments

The composition of long-term investments at December 31, 2012 and 2011 is set forth below.

	2012	2011
Equity Securities		
Financial	\$ <u>11,579</u>	\$ <u>9,988</u>

Investment income and gains for assets whose use is limited, cash equivalents, and long-term investments are comprised of the following for the years ending December 31, 2012 and 2011:

	2012	2011
Income:		
Interest and dividend income	\$ 94,923	\$ 141,578
Realized gains	94,123	34,288
Unrealized gains (losses)	<u>250,592</u>	<u>(81,331)</u>
	<u>\$ 439,638</u>	<u>\$ 94,535</u>

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2. Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3.Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Cash and cash equivalents: these investments are carried at cost which approximates fair value.

Equity securities: the fair value of these investments are based on quoted market prices

Mutual funds: Valued at the net asset value of shares held, which approximates fair value.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Fair value of assets and liabilities are measured on a recurring basis at December 31, 2012 and 2011 are as follows:

	<u>Assets at Fair Values as of December 31, 2012</u>			
	Level 1	Level 2	Level 3	Total
Assets whose use is limited				
Cash and cash equivalents	\$ 198,620	\$ -	\$ -	\$ 198,620
Equity securities				
US large cap	84,803	-	-	84,803
Mutual funds				
US fixed income	2,225,138	-	-	2,225,138
US large cap equity	1,099,156	-	-	1,099,156
US mid cap equity	222,451	-	-	222,451
US small cap equity	3,950	-	-	3,950
International equity	404,795	-	-	404,795
Alternative investments	69,608	-	-	69,608
Total assets whose use is limited	<u>4,308,521</u>	<u>-</u>	<u>-</u>	<u>4,308,521</u>
Long-term investments				
Equity securities - financial	<u>11,579</u>	<u>-</u>	<u>-</u>	<u>11,579</u>
Total	<u>\$ 4,320,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,320,100</u>

	<u>Assets at Fair Values as of December 31, 2011</u>			
	Level 1	Level 2	Level 3	Total
Assets whose use is limited				
Cash and cash equivalents	\$ 295,482	\$ -	\$ -	\$ 295,482
Equity securities				
US large cap	184,155	-	-	184,155
Mutual funds				
US fixed income	2,878,276	-	-	2,878,276
US large cap equity	1,268,690	-	-	1,268,690
US mid cap equity	269,979	-	-	269,979
US small cap equity	5,273	-	-	5,273
International equity	369,065	-	-	369,065
Alternative investments	42,621	-	-	42,621
Total assets whose use is limited	<u>5,313,541</u>	<u>-</u>	<u>-</u>	<u>5,313,541</u>
Long-term investments				
Equity securities - financial	<u>9,988</u>	<u>-</u>	<u>-</u>	<u>9,988</u>
Total	<u>\$ 5,323,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,323,529</u>

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. Land, Property and Equipment

The following is a summary of land, property and equipment at December 31,:

	2012	2011
Land	\$ 85,096	\$ 85,096
Buildings	35,962	35,962
Leasehold improvements	1,485,502	886,129
Furniture and fixtures	510,843	340,190
Equipment	<u>2,648,660</u>	<u>2,191,700</u>
	4,766,063	3,539,077
Less: Accumulated depreciation	<u>(2,918,211)</u>	<u>(2,501,909)</u>
Land, property, and equipment in service	<u>1,847,852</u>	<u>1,037,168</u>
Leasehold improvements in process	<u>330,000</u>	<u>-</u>
Total	<u>\$ 2,177,852</u>	<u>\$ 1,037,168</u>

Depreciation expense for the years ended December 31, 2012 and 2011 amounted to \$416,302 and \$377,668, respectively.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

7. Net Patient Service Revenues

The following is a summary of net patient service revenues for the years ended December 31,:

	2012	2011
General patient revenues	\$ 30,130,751	\$ 29,774,407
Less: Provision for charity care	<u>(2,811,847)</u>	<u>(4,298,137)</u>
Gross patient revenues	27,318,904	25,476,270
Less: Provision for contractual allowance	<u>(9,909,039)</u>	<u>(10,404,582)</u>
Net patient service revenues	<u>\$ 17,409,865</u>	<u>\$ 15,071,688</u>

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. A significant portion of the Center's net patient service revenues is derived from these third-party payor programs. A summary of the principal payment arrangements with major third-party payors follows:

Medicaid

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid on a published fee schedule.

Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Net patient service revenue from Medicaid programs accounted for approximately 88% and 91%, respectively, of the Center's net patient service revenue for 2012 and 2011. Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

8. Operating Leases

The Center has various leases for equipment and buildings which are classified as operating leases. Total rent expense for the year ended December 31, 2012 and 2011 for these operating leases amounted to \$554,029 and \$324,752, respectively. Future minimum lease payments under the operating leases are as follows:

2013	\$ 395,967
2014	367,903
2015	365,352
2016	243,816
2017	180,435
Thereafter	<u>512,700</u>
Total	<u>\$ 2,066,173</u>

The Center also entered into an agreement with the West Virginia Department of Health and Human Resources in which the Center is allowed to occupy the building known as 6 Hospital Plaza, Clarksburg, WV 26301 as long as it operates a Community Based Mental Health facility for the use and treatment of persons who have mental health needs and for no other purpose. The Center also has to remain in compliance with certain grant provisions.

Management has determined that the agreement constitutes an exchange transaction in accordance with ASC 958-605-55; therefore, \$180,000 is reflected on the Statement of Operations for 2012 and 2011 as Other Income and Rent Expense representing the fair value of the use of the property.

9. Defined Contribution Plan

The United Summit Center sponsors a defined contribution plan which covers substantially all employees. The employees may make tax deferred contributions to the plan. Under the plan, the Center contributes 2% of base compensation that a participant contributes to the plan. Employer match pension expense for 2012 and 2011 was \$187,964 and \$199,295, respectively.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

10. Related Entities

United Hospital Center, Inc. (the Hospital) is the parent corporation to United Summit Center, Inc. The Center's Executive Director is appointed by and an employee of the Hospital. The Hospital approves the majority of Center's board appointments. The existence of this relationship could result in changes in net assets or financial position of United Summit Center, Inc. that are significantly different from those that would have been obtained if the organizations were autonomous. Also, the Center's financial statements are included in the consolidated financial statements of West Virginia United Health System (WVUHS), the parent corporation of the Hospital.

The Hospital acquired assets on behalf of the Center in November 1996 for \$323,505. Further equity contributions from the Hospital to the Center for the period November 1, 1996 to December 31, 1997, amounted to \$800,000. No equity contributions were made to Center by Hospital for the years ended December 31, 2012 and 2011.

11. Medical Malpractice Claims Coverage

The Center participates in a self-insurance program for medical malpractice insurance and general liability insurance with the Hospital. The program requires the Center to deposit funds held in trust, based upon actuarial calculations, sufficient to cover estimated claims.

The Center's estimated future payments of its allocated asserted and unasserted general and medical malpractice claims liabilities under the self-insurance program were \$843,104 and \$941,906 at December 31, 2012 and 2011, respectively. These estimates are based upon actuarially determined estimates of the ultimate costs for known reported claims and claims incurred but not reported under the self-insurance program. The discount rate used in determining the liabilities was 4% at December 31, 2012 and 2011.

The Center believes it has adequate self-insurance and insurance coverages and accruals for all asserted claims and it has no knowledge of unasserted claims which would exceed its self-insurance and insurance coverages and accruals.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

12. Workers' Compensation Claims Coverage

The Center participates in the WVUHS pool for its workers compensation coverage. The WVUHS pool's workers' compensation policies provide statutory workers' compensation limits of liability to its participants. WVUHS was required to establish a loss fund with both insurers and to provide a letter of credit to secure the deductible obligation. The two letters of credit total \$4,231,000 and are automatically renewed by the bank every July 1st unless notified 90 days prior to the renewal date.

The loss fund is drawn on by the insurer and replenished by WVUHS on request by the insurer with a guideline that the fund shall have a balance of approximately 2 ½ months of average claims payments. The Center's estimated allocation of payments of workers' compensation claims liability, included in salaries and benefits payable on the balance sheet, was \$131,981 and \$59,491 at December 31, 2012 and 2011, respectively.

13. Health Insurance Benefits

The Center self-insures its employee health insurance coverage under an arrangement using contract administrators. The Center also participates in the WVUHS pool for its stop-loss insurance coverage. The Center pays premiums to the pool which are used to obtain external stop loss coverage and to pay individual claims incurred in excess of set amounts during a calendar year.

The Center accrues the estimated costs of incurred and reported and incurred but not recorded claims, after consideration of its individual and aggregate stop-loss insurance coverage, based upon data provided by the third-party administrators of the programs and its historical claims experience. The Center's estimated claims liability, included in salaries and benefits payable on the balance sheet, was \$240,400 and \$304,000 at December 31, 2012 and 2011, respectively.

14. Functional Expenses

The Center provides mental health care services to residents within its geographic location.

Expenses related to providing these services are as follows:

	2012	2011
Mental health care services	\$ 18,244,250	\$ 16,128,789
Management and general	<u>4,881,775</u>	<u>4,071,483</u>
	<u>\$ 23,126,025</u>	<u>\$ 20,200,272</u>

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

15. Litigation

The Center is a party to various legal actions arising in the ordinary course of its services. In management's opinion, the Center has adequate legal defenses and/or external or self-insurance coverage respecting each of these actions and does not believe that this will materially affect the Center's operations or financial position. However, the Center is aware of unasserted claims, which could have a material impact on the Centers operations or financial position.

All settlements from legal actions in 2012 and 2011 were paid by the Center's self-insurance program.

16. Financial Instruments

Concentration of Credit Risk Due to Patient Accounts Receivable

Financial instruments that potentially subject the Center to concentrations of credit risk consists principally patient accounts receivable.

The Center grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements, primarily with Medicare, Medicaid, and various commercial insurance companies. The Center maintains allowances for potential credit losses and such losses have historically been within management's expectations.

17. Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through May 3, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTARY SCHEDULES

UNITED SUMMIT CENTER, INC.
CUMULATIVE SCHEDULE OF PROPERTY AND EQUIPMENT
PURCHASED WITH BHHF - ADMINISTERED FUNDING
DECEMBER 31, 2012

<u>Description of Equipment</u>	<u>Vendor Name</u>	<u>Provider Identification Number</u>	<u>Identification Number</u>	<u>Date of Acquisition</u>	<u>Cost</u>	<u>State Account Number</u>
(2) Video Cameras & Tripods	Champion Industries	0046	97520	6/30/1997	1,477	8793-1997-2885-096-252 8793-1997-2886-096-252
(2) Desk, File Cabinet, Bookshelf	H.L. Heaster, Inc.	0017	97520	6/30/1998	1,505	8793-1997-2892-096-252
1998 Ford Paratransit Shuttle Bus	WV Trans. Sales, Inc.	0411	97520	6/26/1998	41,638	8793-1998-2885-096-252
Storage Building	Timberline Construction	0438	97520	6/30/1999	8,500	8793-1998-2892-096-252
(3) Netserver & accessories	Insight	0385	97520	6/30/2001	4,037	8793-1999-2892-096-252-03087
	Insight	0385	97520	6/30/2001	4,038	8793-2005-2885-096-128-05287
Beds and mattresses	Mattress Warehouse	MATT	97520	4/4/2005	1,153	8794-2005-2852-096-128-05286
Bedroom furniture sets	Grandmas House Furn	GRAND	97520	5/11/2005	1,800	0525-2005-3448-219-258-6885
Building renovations	High Country Contractors		97520	5/1/2005	79,130	0525-2006-2890-219-252/258
Home furnishings	Star Furnitures	0921	97520	6/26/2005	2,146	0525-2005-3448-219-258-6885
Building renovations	High Country Contractors		97520	7/26/2005	37,015	0525-2005-2890-219-252-06958
	High Country Contractors		97520	9/12/2005	6,942	0525-2005-2890-219-252-06958
	High Country Contractors		97520	9/12/2005	11,461	0525-2006-2890-219-252-06958
	High Country Contractors		97520	10/26/2005	8,592	0525-2006-2890-219-252-06958
	High Country Contractors		97520	12/29/2005	16,329	0525-2006-2890-219-252-06958
	High Country Contractors		97520	2/7/2006	13,972	0525-2005-2890-219-252-06958
	Cullison Communications		97520	2/20/2006	7,434	0525-2005-2890-219-252-06958
	American Fence Company		97520	3/16/2006	5,485	0525-2005-2890-219-252-06958
Master Key/Lock System	Key Lock		97520	3/18/2006	2,792	0525-2005-2890-219-252-06958
Building Renovations	High Country Contractors		97520	4/5/2006	8,037	0525-2005-2890-219-252-06958
Computers (3) and Accessories	Insight		97520	9/7/2007	3,093	8794-2007-2852-096-128-12989
Building renovations	WYK Associates		97520	5/31/2012	28,100	0525-2012-2890-219-252
	OMNI Associates		97520	6/29/2012	30,000	0525-2012-2890-219-253
	United Hospital Center		97520	6/30/2012	300,000	0525-2012-2890-219-254
						<u>\$ 624,676</u>

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

2012

FOR STATE FISCAL YEAR-END JUNE 30, 2012

Grant Name	Account Number	Amount of Award	Earned & Billed Through		Not Earned But Billed Through		Collected
			Period End	Period End	Period End	Period End	
M.H. CORE Funds	0525-2012-2851-219-252/258	\$ 118,890	\$ 118,890	\$ -	\$ -	\$ 118,890	
Crisis Improvement Package	0525-2012-2851-219-252/258	165,121	165,121	-	-	165,121	
MR/DD CORE Services	0525-2012-2870-219-252/258	86,419	86,419	-	-	86,419	
Uncompensated Care	0525-2012-3065-219-252/258	840,339	840,339	-	-	840,339	
Support & Alternative Services	0525-2012-3041-219-252/258	281,003	281,003	-	-	281,003	
Family Support	0525-2012-2870-221-252/258	74,285	74,285	-	-	74,285	
Special Needs (T.P.)	0525-2012-2851-219-252/258	54,001	54,001	-	-	54,001	
Community Placement Former Colin Anderson	0525-2012-2870-803-252/258	5,450	5,450	-	-	5,450	
Care Coordinators Improvement	0525-2012-3701-219-252/258	197,154	197,154	-	-	197,154	
Community Supports Improvements	0525-2012-3702-219-252/258	27,621	27,621	-	-	27,621	
Clinical Outreach Services Liaison	0525-2012-3702-219-252/258	60,000	60,000	-	-	60,000	
SA - Intermediate	0525-2012-2891-219-252/258	859,834	859,834	-	-	859,834	
SA - Residential	0525-2012-2891-219-252/258	325,613	325,613	-	-	325,613	
PI Services	0525-2012-2885-219-252/258	99,000	99,000	-	-	99,000	
Case Management Liaison	0525-2012-2851-219-252/258	25,000	25,000	-	-	25,000	
SA - Adult	8793-2012-2884-096-128-14152	195,061	195,061	-	-	195,061	
SA - Adolescent	8793-2012-2892-096-128-16746	179,193	179,193	-	-	179,193	
Co-Occurring	0525-2012-3702-219-252	31,873	31,873	-	-	31,873	
Day Treatment	0525-2012-3115-219-252	11,760	11,760	-	-	11,760	
Group Home	0525-2012-3115-219-252	183,906	183,906	-	-	183,906	
Residential Support	0525-2012-3115-219-252	551,895	551,895	-	-	551,895	
Supportive Living Program	0525-2012-2851-219-252/258	632,080	632,080	-	-	632,080	
Special Needs (SLP)	0525-2012-2851-219-252/258	185,808	185,808	-	-	185,808	
Data Infrastructure Grant	8723-2012-2849-096-128-20202	9,500	9,500	-	-	9,500	
		<u>\$ 5,200,806</u>	<u>\$ 5,200,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,200,806</u>	

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONTD)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

2012

FOR STATE FISCAL YEAR-END JUNE 30, 2013

Grant Name	Account Number	Award	Earned & Billed		Not Earned But Billed		Collected
			Through Period End	Through Period End	Through Period End	Through Period End	
M.H. CORE Funds	0525-2013-2851-219-252/258	\$ 118,890	\$ 59,444	\$ -	\$ 59,446	\$ 59,444	
Crisis Improvement Package	0525-2013-2851-219-252/258	165,121	82,560	-	82,561	82,560	
MR/DD CORE Services	0525-2013-2870-219-252/258	86,419	43,208	-	43,211	43,208	
Uncompensated Care	0525-2013-3065-219-252/258	599,802	375,932	-	223,870	223,870	
Support & Alternative Services	0525-2013-3041-219-252/258	281,003	140,501	-	140,502	140,501	
Family Support	0525-2013-2867-221-252/258	74,285	14,495	-	59,790	8,855	
Special Needs (T.P.)	0525-2013-2877-219-252/258	54,001	36,833	-	17,168	27,141	
Case Management Liaison	0525-2013-3701-219-252/258-1242€	31,429	23,778	-	7,651	17,739	
Care Coordinators Improvement	0525-2013-3701-219-252/258	201,456	87,117	-	114,339	23,811	
Community Supports Improvements	0525-2013-3702-219-252/258	16,890	2,720	-	14,170	2,670	
Clinical Outreach Services Liaison	0525-2013-2919-219-252/258	60,000	47,091	-	12,909	33,266	
SA - Residential	0525-2013-3426-219-252/258	859,834	446,377	-	413,457	293,568	
SA - Fellowship	0525-2013-2891-219-252/258	325,613	219,750	-	105,863	146,226	
PI Services	0525-2013-2885-219-252/258	99,000	32,838	-	66,162	21,599	
Co-Occurring	0525-2013-3746-219-252/258-1242€	133,340	44,734	-	88,606	31,505	
Supportive Living Program	0525-2013-2891-219-252/258	663,000	223,038	-	439,962	179,042	
Special Needs - SLP	0525-2013-2877-219-252/258	185,808	144,853	-	40,955	118,194	
Day Treatment	0525-2013-3744-219-252/258-1242€	256,577	78,350	-	178,227	41,096	
Group Home	0525-2013-3744-219-252/258-1242€	508,906	248,231	-	260,675	183,491	
Residential Support	0525-2013-3743-219-252/258-1242€	735,799	69,926	-	665,873	12,041	
SA - Adult	8793-2013-2884-096-128-14152	156,048	30,028	-	126,020	-	
SA - Adolescent	8793-2013-2892-096-128-16746	143,354	62,876	-	80,478	-	
		\$ 5,756,575	\$ 2,514,680	\$ -	\$ 3,241,895	\$ 1,689,827	

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

2011

FOR STATE FISCAL YEAR-END JUNE 30, 2011

Grant Name	Account Number	Amount of		Earned & Billed		Not Earned		Not Billed		Collected
		Award	Through Period End	Through Period End	Through Period End	Through Period End	Through Period End	Through Period End		
M.H. CORE Funds	0525-2011-2851-219-252/258	\$ 118,890	\$ 118,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,890
Crisis Improvement Package	0525-2011-2851-219-252/258	165,121	165,121	-	-	-	-	-	-	165,121
MR/DD CORE Services	0525-2011-2870-219-252/258	86,419	86,419	-	-	-	-	-	-	86,419
Uncompensated Care	0525-2011-3065-219-252/258	1,329,052	1,329,052	-	-	-	-	-	-	1,329,052
Support & Alternative Services	0525-2011-3041-219-252/258	281,003	281,003	-	-	-	-	-	-	281,003
Family Support	0525-2011-2870-221-252/258	74,285	74,285	-	-	-	-	-	-	74,285
Special Needs (T.P.)	0525-2011-2851-219-252/258	54,001	54,001	-	-	-	-	-	-	54,001
Community Placement Former Colin Anderson	0525-2011-2870-803-252/258	10,900	10,900	-	-	-	-	-	-	10,900
Care Coordinators Improvement	0525-2011-3701-219-252/258	197,154	197,154	-	-	-	-	-	-	197,154
Community Supports Improvements	0525-2011-3702-219-252/258	27,621	27,621	-	-	-	-	-	-	27,621
Clinical Outreach Services Liaison	0525-2011-3702-219-252/258	60,000	60,000	-	-	-	-	-	-	60,000
Transitional Supportive Living	0525-2011-2851-219-252/258	663,000	663,000	-	-	-	-	-	-	663,000
Case Management Liaison	0525-2011-2851-219-252/258	25,000	25,000	-	-	-	-	-	-	25,000
PI Services	0525-2011-2885-219-252/258	99,000	99,000	-	-	-	-	-	-	99,000
SA - Residential	0525-2011-2891-219-252/258	1,185,447	1,185,447	-	-	-	-	-	-	1,185,447
SA - Adult	8793-2011-2885-096-128-16746	156,049	156,049	-	-	-	-	-	-	156,049
SA - Adolescent	8793-2011-2892-096-128-16746	143,354	143,354	-	-	-	-	-	-	143,354
Special Needs Forensic ACT	0525-2011-2851-219-252/258	185,808	185,808	-	-	-	-	-	-	185,808
Co-Occurring Intensive Outpatient Svcs: Adult	0525-2011-3701-219-252	29,053	29,053	-	-	-	-	-	-	29,053
		<u>\$ 4,891,157</u>	<u>\$ 4,891,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,891,157</u>

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

2011

FOR STATE FISCAL YEAR-END JUNE 30, 2012

Grant Name	Account Number	Amount of		Earned & Billed		Not Earned But Billed		Not Billed		Collected
		Award	Through Period End	Through Period End	Through Period End	Through Period End	Through Period End	Through Period End		
M.H. CORE Funds	0525-2012-2851-219-252/258	\$ 118,890	\$ 59,444	\$ -	\$ 59,446	\$ -	\$ -	\$ 59,446	\$ -	\$ 59,444
Crisis Improvement Package	0525-2012-2851-219-252/258	165,121	82,560	-	82,561	-	-	82,561	-	82,560
MR/DD CORE Services	0525-2012-2870-219-252/258	86,419	43,208	-	43,211	-	-	43,211	-	43,208
Uncompensated Care	0525-2012-3065-219-252/258	601,148	601,148	-	-	-	-	-	-	601,148
Support & Alternative Services	0525-2012-3041-219-252/258	281,003	140,500	-	140,503	-	-	140,503	-	140,500
Family Support	0525-2012-2870-221-252/258	74,285	41,337	-	32,948	-	-	32,948	-	18,320
Special Needs (T.P.)	0525-2012-2851-219-252/258	54,001	35,664	-	18,337	-	-	18,337	-	17,862
Community Placement Former Colin Anderson	0525-2012-2870-803-252/258	5,450	3,976	-	1,474	-	-	1,474	-	1,794
Care Coordinators Improvement	0525-2012-3701-219-252/258	197,154	80,802	-	116,352	-	-	116,352	-	38,807
Community Supports Improvements	0525-2012-3702-219-252/258	27,621	11,554	-	16,067	-	-	16,067	-	8,795
Clinical Outreach Services Liaison	0525-2012-3702-219-252/258	60,000	46,048	-	13,952	-	-	13,952	-	21,045
SA - Intermediate	0525-2012-2891-219-252/258	859,834	425,943	-	433,891	-	-	433,891	-	199,623
SA - Residential	0525-2012-2891-219-252/258	325,613	223,321	-	102,292	-	-	102,292	-	107,710
PI Services	0525-2012-2885-219-252/258	99,000	70,339	-	28,661	-	-	28,661	-	28,668
Case Management Liaison	0525-2012-2851-219-252/258	25,000	24,588	-	412	-	-	412	-	11,097
SA - Adult	8793-2012-2884-096-128-14152	156,049	116,423	-	39,626	-	-	39,626	-	57,162
SA - Adolescent	8793-2012-2892-096-128-16746	143,354	74,526	-	68,828	-	-	68,828	-	36,082
Co-Occurring	0525-2012-3702-219-252	133,340	-	-	133,340	-	-	133,340	-	-
Day Treatment	0525-2012-3115-219-252	256,577	-	-	256,577	-	-	256,577	-	-
Group Home	0525-2012-3115-219-252	508,906	-	-	508,906	-	-	508,906	-	-
Residential Support 1	0525-2012-3115-219-252	326,361	-	-	326,361	-	-	326,361	-	-
Residential Support 2	0525-2012-3115-219-252	326,361	-	-	326,361	-	-	326,361	-	-
Supportive Living Program	0525-2012-2851-219-252/258	663,000	242,386	-	420,614	-	-	420,614	-	-
Special Needs - SLP	0525-2012-2851-219-252/258	185,808	62,718	-	123,090	-	-	123,090	-	-
Data Infrastructure Grant	8723-2012-2849-096-128-20202	9,500	-	-	9,500	-	-	9,500	-	-
		\$ 5,689,795	\$ 2,386,485	\$ -	\$ 3,303,310	\$ -	\$ -	\$ 3,303,310	\$ -	\$ 1,473,825

BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
 STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS
 UNITED SUMMIT CENTER

As of 12/31/2012
 (YEAR-TO-DATE)

ASSETS

CURRENT ASSETS:

1.	Cash	1,734,887
2.	Short Term Investments	
3.	Accounts Receivable - OBHS	595,137
4.	Accounts Receivable - Client	171,304
5.	Accounts Receivable - Medicaid	1,161,825
6.	Accounts Receivable - Medicaid MR/DD Waiver	968,751
7.	Accounts Receivable - Other	390,630
8.	Inventory	
9.	Prepaid/Other	941,190
10.	TOTAL CURRENT ASSETS (Total of lines 1-9)	5,963,724

NON-CURRENT ASSETS:

FIXED ASSETS

11.	Property, Land and Equipment - OBHS	624,676
12.	Less Accumulated Depreciation	(134,359)
13.	Property, Land and Equipment - Other	4,471,387
14.	Less Accumulated Depreciation	(2,783,852)
15.	Total Property, Land and Equipment (NET)	2,177,852

OTHER NON-CURRENT ASSETS

16.	Long-Term Investments	4,320,100
17.	Other	
18.	TOTAL ASSETS (Total of lines 10, 15, 16 and 17)	12,461,676

LIABILITIES

CURRENT LIABILITIES:

19.	Accounts Payable	353,006
20.	Taxes Payable	492,423
20 A.	Provider Taxes Payable	
21.	Line of Credit - Payable	
22.	Short-Term Notes Payable	
23.	Accrued Expenses	1,139,340
24.	Other Current Liabilities	19,668
25.	TOTAL CURRENT LIABILITIES (Total of lines 19 through 24)	2,004,437

LONG-TERM LIABILITIES:

26.	Long-Term Notes Payable	
27.	Other Long-Term Liabilities	559,120
28.	TOTAL LIABILITIES (Total of lines 25, 26 and 27)	2,563,557

NET ASSETS

29.	Unrestricted Net Assets	9,898,119
30.	Temporarily Restricted Net Assets	
31.	Permanently Restricted Net Assets	
32.	TOTAL LIABILITIES AND NET ASSETS (Total of lines 28 through 31)	12,461,676

PREPARED BY – TERENCE P. DEL SIGNORE
 Name of Provider: UNITED SUMMIT CENTER

DATE

BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
 STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS
 UNITED SUMMIT CENTER

12/31/2012

(YEAR-TO-DATE - 12 mos)

REVENUE AND SUPPORT

1.	Charity Care	
1a.	Charity Care - Account 4311.1	654,697
1b.	Charity Care - Account 4311.2	458,370
1c.	Charity Care - Account 4312.1	0
1d.	Charity Care - Account 4312.2	(30,465)
1e.	Charity Care - Account 4314.1	170,512
1f.	Charity Care - Account 4314.2	33,449
1g.	Charity Care - Account 4315.1	62,537
1h.	Contr. Write-Off Account 4337.1	1,462,747
1i.	Charity Care Revenue - Account 4329	4,238,065
1j.	Suppr/Alt Revenue - Account 4358	62,073
	Total	7,111,985
2.	Gross Client Service Revenue	30,130,751
3.	Contractual Adjustments (Target Funds)	(654,697)
3a.	Contractual Adjustments (Non-Target Funds)	(12,066,189)
5.	Net Client Service Revenue	17,409,865
	Net Client Service Revenue	
6.	Medicaid (Target Funds)	161,968
6a.	Medicaid (Non-Target Funds)	5,029,273
7.	Medicaid MR/DD Waiver (Non-Target Funds)	10,068,584
8.	ICF/MR (Non-Target Funds)	
9.	Private Pay (Non-Target Funds)	
9a.	Private Pay (OBHS Target Funds)	605,239
9b.	Private Pay (OBHS Non-Target Funds)	1,254,646
10.	Other Client Service Revenue (Target Funds)	
10a.	Other Client Service Revenue (Non-Target Funds)	290,155
11.	Total Net Client Service Revenue (Line 11 must agree with line 5)	17,409,865
12.	OBHS Support	5,329,001
13.	Other/Public Support	52,788
14.	Other	859,360
15.	TOTAL REVENUE AND SUPPORT (Total of line 11 through line 14)	23,651,014

EXPENSES

16.	Salaries	13,415,114
17.	Fringe Benefits	4,859,327
18.	Contractual Services	392,947
19.	Provider Tax	65,829
19A	Bad Debts	77,333
19B	Bad Debts (BHFF Target Funds)	161,310
19C	Bad Debts (BHFF Non-Target Funds)	334,391
20.	Depreciation Expense	416,302
21.	Other Expenses	3,403,472
22.	TOTAL EXPENSES (Total of line 16 through line 21)	23,126,025
23.	NET INCOME (LOSS) (Line 15 minus line 22)	524,989

PREPARED BY – TERENCE P. DEL SIGNORE
 Name of Provider: UNITED SUMMIT CENTER

DATE

UNITED SUMMIT CENTER, INC.
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Identifying State Grant Information</u>	<u>Period of Time</u>	<u>Amount of Award</u>	<u>Receipt of Funds</u>	<u>Expenditure of Funds</u>
Grant # G120012	07/01/2011-6/30/2012	\$ 4,817,052	\$ 3,436,471	\$ 2,621,519
Grant # G130178	07/01/2012-6/30/2013	5,457,173	<u>1,689,827</u>	<u>2,421,776</u>
		<u>\$ 5,126,298</u>	<u>\$ 5,126,298</u>	<u>\$ 5,043,295</u>



REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
United Summit Center, Inc.
Clarksburg, West Virginia

We have audited 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 United Summit Center, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2012, and the related statements of operations, changes in net assets and cash flows as of and for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Summit Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 United Summit Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the United Summit Center, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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, 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 deficiencies described in the accompanying schedule of findings and responses to be a material weaknesses. (2012-1 and 2012-2)

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency. (2012-3)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Summit Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

United Summit Center Inc.'s Responses to Findings

United Summit Center, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. United Summit Center, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

F. Stuck & Battlett, PLLC

May 3, 2013

UNITED SUMMIT CENTER, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012

2012-1 - Material Weakness – Reconciliation/Review Process

Criteria: Reconciliations of account balances and review of activity and account balances should prevent or detect material misstatements in operational results so that it is not necessary to make significant corrections or adjustments to those results.

Condition: The reconciliation and review process failed to prevent or detect material misstatements identified by the auditor.

Cause: The accrued salaries and wages calculation was not reviewed and a reconciliation of the account balance was not performed. Furthermore, there is no process in place to review insurance recoveries receivable.

Effect: A prior year audit adjustment to accrued salaries and wages was not properly reversed and an error in the calculation of accrued salaries and wages at the end of the year was not detected. These errors resulted in a material overstatement of both accrued salaries and wages and salaries and wage expense. Additionally, insurance recoveries receivable was not adjusted to the net realizable value resulting in a material overstatement of other receivables and a material understatement of operating expenses. These misstatements were corrected with audit adjustments proposed by the auditor and accepted by management.

Entity's Response: All major account balances are reconciled on a monthly basis. Reviews of those reconciliations will now be performed on an alternating basis among the accounting staff. This should allow for better oversight and prevent the need for major adjustments.

2012-2 - Material Weakness – Capitalization of Property and Equipment

Criteria: Controls over recording fixed asset expenditures should prevent or detect material misstatements in operational results so that it is not necessary to make significant corrections or adjustments to those results.

Condition: The control system failed to prevent or detect a material misstatement identified by the auditor.

UNITED SUMMIT CENTER, INC.
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012

Cause: The Center's capitalization policy was not followed in recording expenditures for fixed assets, and the review process did not detect the mispostings.

Effect: Expenditures for fixed assets which exceeded the Center's capitalization threshold were expensed during the year which resulted in a material understatement of property and equipment and a material overstatement of operating expenses. These misstatements were corrected with audit adjustments proposed by the auditor and accepted by management.

Entity's Response: Any and all purchases exceeding \$5,000 will be reviewed by accounting staff. This should allow for verification that the revised Capitalization Policy is being followed on a consistent basis.

2012-3 - Significant Deficiency - Segregation of Duties

Criteria: Control systems should be implemented to assign different individuals the responsibility for approving, executing and recording transactions in order to properly detect and correct fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse having an effect of the financial statements.

Condition: Control systems have not been implemented to assign different individuals the responsibility for approving, executing and recording transactions.

Cause: Certain individuals have multiple responsibilities for approving, executing and recording the same transactions.

Effect: Because of the failure to segregate duties, the control system could fail to prevent, or detect and correct fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse having an effect on the financial statements.

Entity's Response: The size of the Center's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were larger. The Board believes that complete segregation of duties is not economically feasible; however, to mitigate the effects of this significant deficiency, management will continue to segregate duties to the extent possible.