

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

HUNTINGTON, WEST VIRGINIA

FINANCIAL STATEMENTS

JUNE 30, 2013

DHHR - Finance

MAR 20 2014

Date Received



## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Consolidated Balance Sheets, June 30, 2013 and 2012	3
Consolidated Statements of Operations and Changes in Net Assets for the years ended June 30, 2013 and 2012	4-5
Consolidated Statements of Cash Flows for the years ended June 30, 2013 and 2012	6
Notes to Consolidated Financial Statements	7-17
Schedule of Expenditures of Federal Awards	18
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>	19-20
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	21-22
Schedule of Findings and Questioned Costs for the year ended June 30, 2013	23-24
Independent Auditors' Report on Consolidating and Additional Information	25
Consolidating Balance Sheets	26
Consolidating Statements of Operations and Changes in Net Assets	27-28
Schedule of BHHF Funding Status - 2013	29-30
Schedule of BHHF Funding Status - 2012	31
Bureau for Behavioral Health and Health Facilities Standardized Financial Statements:	
Balance Sheet	32-33
Income Statement	34-35
Cumulative Schedule of Property and Equipment Purchased with BHHF Funding	36-40

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Pretera Center for Mental Health Services, Inc. and Subsidiary (nonprofit organizations), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement. The financial statements of Midland Behavioral Health, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pretera Center for Mental Health Services, Inc. and Subsidiary as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013, on our consideration of Pretera 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* in considering Pretera Center for Mental Health Services, Inc.'s internal control over financial reporting and compliance.

*Hayflich Grigoraci PLLC*

Huntington, West Virginia  
October 15, 2013

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**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2013 AND 2012**

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,149,223	\$ 297,747
Cash - client funds	510,373	296,436
Grants and contracts receivable	1,892,757	2,601,946
Client fees receivable, net of allowance for doubtful accounts of \$1,815,405 in 2013 and \$1,951,265 in 2012	3,910,799	4,860,502
Accounts receivable - related parties	86,397	178,020
Prepaid expenses	306,465	406,607
Investments	1,399,865	1,301,147
<b>Total Current Assets</b>	<u>9,255,879</u>	<u>9,942,405</u>
<b>Property and Equipment, net</b>	<u>8,769,857</u>	<u>8,952,161</u>
<b>Other Assets</b>		
Accounts receivable - related parties	154,789	195,271
Investments	50,000	50,000
Notes receivable	-	1,729
<b>Total Other Assets</b>	<u>204,789</u>	<u>247,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 18,230,525</u>	<u>\$ 19,141,566</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Notes payable	\$ 7,000	\$ 354,594
Accounts payable and accrued expenses	1,663,672	2,230,269
Client funds	510,373	296,436
Accrued payroll and vacation	1,989,903	1,823,569
Current maturities of long-term obligations	437,408	354,132
Deferred revenue	22,677	166,804
<b>Total Current Liabilities</b>	<u>4,631,033</u>	<u>5,225,804</u>
<b>Long-Term Liabilities</b>		
Long-term obligations, net of current portion	3,609,612	3,896,459
Postretirement benefit obligation	409,998	453,873
<b>Total Liabilities</b>	<u>8,650,643</u>	<u>9,576,136</u>
<b>Net Assets</b>		
Unrestricted	9,577,403	9,562,415
Temporarily restricted	2,479	3,015
<b>Total Net Assets</b>	<u>9,579,882</u>	<u>9,565,430</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 18,230,525</u>	<u>\$ 19,141,566</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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Unrestricted revenues, gains and other support:</b>		
Client service revenue (net of allowances and discounts)	\$ 22,018,996	\$ 21,483,327
Provision for bad debts	(1,654,165)	(1,122,207)
Net client service revenue less provision for bad debts	<u>20,364,831</u>	<u>20,361,120</u>
Federal, state and other grants and contracts	19,082,721	19,932,367
Room and board	921,354	639,655
Investment income	108,588	15,145
In-kind contribution for use of facilities	725,235	724,035
Other income	448,574	452,726
Net assets released from restrictions	<u>536</u>	<u>536</u>
<b>Total unrestricted revenues, gains and other support</b>	<u>41,651,839</u>	<u>42,125,584</u>
<b>Expenses:</b>		
Salaries and wages	23,872,588	22,964,028
Employee benefits	5,003,518	5,420,687
Contracted services	3,340,049	4,310,961
Professional fees	192,805	184,806
Lab fees	134,201	124,268
Supplies	2,341,022	2,164,876
Education	164,402	145,422
Travel	962,278	953,368
Postage	48,352	41,156
Advertising	65,131	225,540
Repairs and maintenance	528,380	356,681
Dues and subscriptions	89,881	89,387
Taxes	458,310	538,484
Insurance	490,396	392,523
Utilities	1,136,271	1,217,822
Equipment leases	303,539	226,046
Rent	548,677	583,179
Occupancy	725,235	724,035
Depreciation and amortization	890,511	961,899
Interest	193,293	317,322
Other	<u>148,012</u>	<u>183,702</u>
<b>Total expenses</b>	<u>41,636,851</u>	<u>42,126,192</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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Excess (deficit) of revenues, gains and other support over expenses</b>	\$ 14,988	\$ (608)
<b>Discontinued operations</b>	-	(1,371,657)
<b>Increase (Decrease) in unrestricted net assets</b>	<u>14,988</u>	<u>(1,372,265)</u>
<b>Change in temporarily restricted net assets</b>		
Net assets released from restriction before discontinued operations	<u>(536)</u>	<u>(536)</u>
<b>Increase (decrease) in net assets</b>	14,452	(1,372,801)
<b>Net assets at beginning of year</b>	<u>9,565,430</u>	<u>10,938,231</u>
<b>Net assets at end of year</b>	<u>\$ 9,579,882</u>	<u>\$ 9,565,430</u>



**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 14,452	\$(1,372,801)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discontinued operations	-	1,412,299
Increase (decrease) in cash from discontinued operations	-	(40,642)
Depreciation and amortization	890,511	961,899
Allowance for bad debts	1,654,165	1,122,207
Net realized and unrealized (gain) loss on investments,	(56,700)	34,825
(Increase) decrease in:		
Accounts and grants receivable	138,561	(1,753,112)
Prepaid expenses	100,142	114,217
Increase (decrease) in:		
Accounts payable and accrued expenses	(444,138)	(92,214)
Deferred revenue	(144,127)	109,171
<b>Net cash provided (used) by operating activities</b>	<b>2,152,866</b>	<b>495,849</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(708,207)	(294,164)
Net change in investments	(42,018)	176,882
<b>Net cash provided by (used in) investing activities</b>	<b>(750,225)</b>	<b>(117,282)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from long-term obligations	195,187	2,352,434
Payments on long-term obligations	(398,758)	(2,458,566)
Line of credit borrowings (payments), net	(347,594)	(15,330)
<b>Net cash provided by (used in) financing activities</b>	<b>(551,165)</b>	<b>(121,462)</b>
<b>Net increase in cash and cash equivalents</b>	<b>851,476</b>	<b>257,105</b>
<b>Cash and Cash Equivalents</b>		
Beginning	297,747	40,642
Ending	<b>\$ 1,149,223</b>	<b>\$ 297,747</b>
<b>Supplemental Disclosure of Cash Flow Information</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 non-profit, nonstock corporation. The consolidation occurred because Pretera is the sole member of 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 postretirement benefit obligation. 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, 2013 and 2012.

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 (deficit) of revenues, gains and other support over expenses:** The statement of operations and changes in net assets include excess (deficit) of revenues, gains and other support over expenses. Changes in unrestricted net assets which are excluded from excess (deficit) of revenues, gains and other support over expenses, consistent with industry practice, include, 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.

*Allowance for Doubtful Accounts* - The Center maintains an allowance for doubtful accounts for each of its major revenue sources to reserve for estimated losses based on the length of time the account has been past due and historical experience. The Center considers the client portion of accounts receivable for write-off when there has been no activity on the account for 1 year.

For receivables associated with self-pay clients (which includes both clients without insurance and clients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The Center's provision for bad debts on self-pay remained at 90% of self-pay accounts receivable at June 30, 2013 and 2012.

**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, 2013 and 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, 2013 and 2012, was \$65,131 and \$225,540.

**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.** – Pretera is recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes.

**Midland Behavioral Health, Inc.** – Is incorporated as a non-profit corporation, but has not filed for exempt status with the Internal Revenue Service.

With few exceptions, neither entity is subject to U.S. federal or state income tax examinations by tax authorities for years before 2009. 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, 2013, the balance sheet date. Subsequent events have been evaluated through October 15, 2013, the date the financial statements were issued.

**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 Operating results of the Healing Place for the year ended June 30, 2012 have been reclassified to discontinued operations in the accompanying consolidated statements of operations and changes in net assets.

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, 2013 and 2012, was as follows:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 11,262	\$ 11,262	\$ 11,705	\$ 11,705
Equity securities	668,752	728,392	540,317	607,465
Corporate bonds & government securities	617,079	660,211	621,000	681,977
First Choice Health Systems, Inc.	50,000	50,000	50,000	50,000
	<u>\$1,347,093</u>	<u>\$1,449,865</u>	<u>\$1,223,022</u>	<u>\$1,351,147</u>

Investment income and gains from investments are comprised of the following for the years ending June 30, 2013 and 2012:

	2013	2012
Interest and dividends income	\$ 51,888	\$ 49,970
Realized and unrealized gain (loss), net	56,700	(34,825)
	<u>\$ 108,588</u>	<u>\$ 15,145</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, 2013 and 2012 follows:

	2013	2012
Land	\$ 2,432,306	\$ 2,432,306
Buildings and improvements	7,319,832	6,973,607
Furniture and equipment	4,389,196	4,187,546
Leasehold improvements	831,104	796,709
Vehicles	1,235,287	1,108,850
	<u>16,207,725</u>	<u>15,499,018</u>
Less accumulated depreciation and amortization	<u>7,437,868</u>	<u>6,546,857</u>
Property and Equipment, net	<u>\$ 8,769,857</u>	<u>\$ 8,952,161</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, 2013 and 2012 was \$226,823 and \$293,080. 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, 2013 and 2012 amounted to \$890,511 and \$961,899.

**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, 2013 and 2012, by caption, on the balance sheets.

	2013			Total
	Level 1	Level 2	Level 3	
<b>Assets (Liabilities)</b>				
Cash and cash equivalents	\$ 11,262	\$ -	\$ -	\$ 11,262
Mutual Funds - Equity securities	728,392	-	-	728,392
Mutual Funds - Fixed Income	-	610,254	-	610,254
Corporate bonds	-	49,957	-	49,957
Private Equity Investment	-	-	50,000	50,000
<b>Total</b>	<b>\$ 739,654</b>	<b>\$ 660,211</b>	<b>\$ 50,000</b>	<b>\$ 1,449,865</b>

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>

There have been no significant transfers in or out of Level 1 and Level 2 fair value measurements during the year ended June 30, 2013. Level 3 fair value measurements investment did not have any purchases, sales, issuances or settlements during the fiscal year 2013. 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, 2013 and 2012 includes book overdrafts of \$460,164 and \$485,169. 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, 2013 and 2012 were \$285,251 and \$301,715.

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, 2013 and 2012 were \$28,621 and \$28,642.

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, 2013 and 2012, were \$15,953 and \$14,549.

**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, 2013 and 2012, the Center has accrued a postretirement benefit obligation of \$409,998 and \$453,873 to cover the present value of the anticipated postretirement benefits.

## Note 9: NOTES PAYABLE

Pretera Center for Mental Health Services, Inc. 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%. As discussed in Note 14 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 \$0 and \$354,594 at June 30, 2013 and 2012. The LOC is renewable annually.

Midland Behavioral Health, Inc. has a \$50,160 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. The LOC is secured by receivables, equipment, inventory and general intangibles. The amount outstanding on the LOC was \$7,000 and \$0 at June 30, 2013 and 2012. The LOC is renewable annually.

## Note 10: LONG-TERM DEBT

A summary of long-term debt at June 30, 2013 and June 30, 2012, follows:

	2013	2012
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.	\$ 188,553	\$ 225,750
Note payable to bank, interest at 6.00% payable at \$16,848 per month including interest. Secured by deed of trust on property.	1,729,404	1,819,810
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 addictions recovery center. There is a prorata contingent repayment obligation should the property cease to be used as an addictions recovery center.	360,000	380,000
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.	932,662	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.	674,238	825,703
Note payable to Cisco, interest at 4.50%, due in monthly installments of \$5,417 including interest. Secured by equipment	162,163	-
<u>Total</u>	4,047,020	4,250,591
<u>Less: current maturities</u>	437,408	354,132
<u>Long-term obligations</u>	<u>\$ 3,609,612</u>	<u>\$ 3,896,459</u>



As of June 30, 2013, long-term debt matures as follows:

2014	\$ 437,408	
2015	460,801	
2016	462,734	
2017	429,805	
2018	241,241	
Thereafter	<u>2,015,031</u>	
<u>Total</u>		<u>\$ 4,047,020</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 for the years ended June 30, 2013 and 2012. 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 \$303,539 and \$360,648 in equipment rentals for the years ended June 30, 2013 and 2012.

**Note 12: CLIENT SERVICE REVENUE**

Following is a summary of gross and net client service revenue for the Center for 2013 and 2012:

	2013	2012
Gross client service revenue	\$ 26,600,400	\$ 27,351,510
Less: Provisions for contractual adjustments	3,935,671	5,416,336
Charity care	645,733	451,847
Provision for bad debts	<u>1,654,165</u>	<u>1,122,207</u>
<u>Net client service revenue</u>	<u>\$ 20,364,831</u>	<u>\$ 20,361,120</u>

The Center recognized client service revenue associated with services provided to clients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured clients that do not qualify for charity care, the Center recognized revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Center's uninsured clients will be unable or unwilling to pay for the services provided. Client service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, was as follows:

	2013	2012
Medicare	\$ 989,141	\$ 1,061,512
Medicaid	15,439,675	16,408,098
Other third-party payors	4,112,645	3,095,775
Self-pay	<u>1,477,535</u>	<u>917,942</u>
<u>Total</u>	<u>\$ 22,018,996</u>	<u>\$ 21,483,327</u>

**Note 13: CHARITY CARE**

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 \$620,000 and \$440,000, 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.

Charity care of \$645,733 in 2013 and \$451,847 in 2012 represents the amount of charges forgone for services and supplies furnished under the Center's charity care policy.

**Note 14: 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, 2013 and 2012:

	2013	2012
Medicare	5%	6%
Medicaid	75%	75%
Self pay	3%	2%
Other third-party payors	5%	7%
Contracts	12%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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. Cash at its major depository are swept daily into repurchase accounts secured by various federal government securities. Management believes the Center is not exposed to any significant concentration risk related to cash.

**Note 15: 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, 2013 and 2012:

	2013	2012
Clinical services	\$ 34,500,388	\$ 33,908,996
General and administrative	7,136,463	8,217,196
<b>Total Expenses</b>	<b>\$ 41,636,851</b>	<b>\$ 42,126,192</b>

#### **Note 16: 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, 2013 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 17: 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 18: TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2013 and 2012 temporarily restricted net assets consisted of grants received for the purpose of acquiring capital assets. In 2013, net assets were released from donor restrictions in an amount equal to the 2013 depreciation expenses on the capital assets acquired with the grants.

#### **Note 19: RECLASSIFICATIONS**

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation. These reclassifications had no effect on the net assets for either period.

#### **Note 20: 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 2013 and 2012, the Center received \$222,670 and \$337,212 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. 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 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.  
 Mulberry Manor  
 Oak Tree Apartment

A summary of related party receivables at June 30, 2013 and 2012 follows:

	2013	2012
Center for Alternative Medicine, net of allowance for doubtful accounts of \$100,000	\$ 202,789	\$ 243,271
Assaley Place	15,802	15,530
Pretera Foundation for Behavioral Health Services, Inc.	-	24,335
Horizon Center for Christian Counseling	-	31,329
Other	22,595	58,826
	<u>241,186</u>	<u>373,291</u>
Less current portion	<u>86,397</u>	<u>178,020</u>
Long-term portion	<u>\$ 154,789</u>	<u>\$ 195,271</u>

The Center has an agreement with a medical practice management company to manage the operations of Midland Behavioral Health, Inc. The Center paid \$162,794 and \$100,740 to the management company for the years ended June 30, 2013 and 2012.

The majority owner of the management company is a director of the Center. The management company's fee is based on a percentage of Midland Behavioral Health, Inc.'s collections as defined by the management agreement. The fees paid to the management company represent compensation to the management company in exchange for providing operating, billing, collection, accounting, and staffing services.

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor/Pass-through Grantor /Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<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:			
Suicide Prevention	93.959	8750-2013-2956-130	\$ 64,344
Outpatient Services	93.959	8793-2013-2884-130	200,922
Women's Services	93.959	8793-2013-2890-130	980,071
Residential Services	93.959	8793-2013-2891-130	146,855
Prevention Services	93.959	8793-2013-2886-130	274,598
Adolescent Services	93.959	8793-2013-2892-096	11,573
			<u>1,678,363</u>
Projects for Assistance in Transition from Homelessness	93.150	8723-2013-2851-130	43,992
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	8723-2013-3116-130	136,831
Substance Abuse and Mental Health Services Adolescent Services - ASPEN	93.243	8793-2013-2913-130	274,804
Cooperation Agreements for Screening, Brief Intervention, Referral and Treatment	93.243	8723-2013-2886-130	292,664
Direct Award:			
Shaping the Future of Chronic Homelessness	93.243	5H79SM058281-04	428,641
BRIGHT Program	93.243	5H79SM059680-02	584,246
			<u>1,761,178</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>3,439,541</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed-through from City of Huntington, WV:			
Emergency Shelter Program	14.231	-	30,191
Passed-through Cabell Huntington Coalition for the Homeless, Huntington, WV:			
Supportive Housing Program	14.235	-	83,014
Direct Award:			
Supportive Housing Program	14.235	-	60,294
			<u>173,499</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>173,499</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,613,040</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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## INDEPENDENT AUDITORS' 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 consolidated financial statements of Pretera Center for Mental Health Services, Inc. and Subsidiary (nonprofit organizations), which comprise the consolidated balance sheet as of June 30, 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 15, 2013. The financial statements of Midland Behavioral Health, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Midland Behavioral Health, Inc.

### Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Pretera Center for Mental Health Services, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pretera Center for Mental Health Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (Finding 2013-01)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pretera Center for Mental Health Services, Inc. and Subsidiary'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 or other matters that are required to be reported under *Government Auditing Standards*.

### Pretera Center for Mental Health Services, Inc.'s Response to Findings

Pretera Center for Mental Health Services, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pretera Center for Mental Health Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hayflich Brigoraci PLLC*

Huntington, West Virginia  
October 15, 2013

DHHR - Finance

MAR 20 2014

Date Received

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

### Report on Compliance for Each Major Federal Program

We have audited Pretera Center for Mental Health Services, Inc. and Subsidiary'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, 2013. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, Pretera Center for Mental Health Services, Inc. complied, in all material respects, with the types of 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, 2013.



## Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Hayflick & Rigoraci PLLC*

Huntington, West Virginia  
October 15, 2013

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Date Received

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

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

Financial Statements

Type of auditors' report issued:	<u>Unmodified Opinion</u>		
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:	<u>Unmodified Opinion</u>		
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 and Mental Health Services - Projects of Regional and National Significance	93.243
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, 2013**

**SECTION 2 – FINANCIAL STATEMENT FINDINGS SECTION**

**Finding 2013–01: Reconciliations**

**Criteria:**

The Center should maintain subsidiary ledgers to support the general ledger and the general ledger should be reconciled to the supporting subsidiary ledgers on a regular basis.

**Condition:**

During our testing of contracts and grants receivable and accounts payable we noted that the general ledger did not match the supporting subsidiary ledgers.

**Questioned Costs:**

N/A

**Context:**

Grants and contracts receivable were \$1,892,757 and accounts payable and accrued expenses were \$1,663,672 at June 30, 2013.

**Cause:**

The general ledger was not being fully reconciled to the subsidiary ledgers.

**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 general ledger 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.

**Prestera Center for Mental Health Services, Inc.'s Response:**

*Agree: The Center will reconcile the balances in the general ledger accounts to their respective subsidiary ledgers on a monthly basis.*

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

No matters are reportable

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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, 2013 and 2012, and have issued our report thereon dated October 15, 2013, which contained an unmodified 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  
October 15, 2013

DHHR - Finance

MAR 20 2014

Date Received

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATING BALANCE SHEETS**  
**JUNE 30, 2013**

ASSETS	Prestera Center for Mental Health Services, Inc.	Midland Behavioral Health, Inc.	Adjustments	Consolidated Total
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,125,828	\$ 23,395		\$ 1,149,223
Cash - client funds	510,373			510,373
Grants and contracts receivable	1,892,757			1,892,757
Client fees receivable, net of allowance for doubtful accounts of \$1,815,405 in 2013 and \$1,951,265 in 2012	3,826,510	84,289		3,910,799
Accounts receivable - related parties	86,397	-		86,397
Prepaid expenses	304,727	1,738		306,465
Investments	1,399,865	-		1,399,865
<b>Total Current Assets</b>	<b>9,146,457</b>	<b>109,422</b>	<b>-</b>	<b>9,255,879</b>
<b>Property and Equipment, net</b>	<b>8,765,678</b>	<b>4,179</b>		<b>8,769,857</b>
<b>Other Assets</b>				
Accounts receivable - related parties	234,968	-	(A) \$ (80,179)	154,789
Investments	50,000	-		50,000
Notes receivable	-	-		-
<b>Total Other Assets</b>	<b>284,968</b>	<b>-</b>	<b>(80,179)</b>	<b>204,789</b>
<b>TOTAL ASSETS</b>	<b>\$ 18,197,103</b>	<b>\$ 113,601</b>	<b>\$ (80,179)</b>	<b>\$ 18,230,525</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Notes payable	\$ -	\$ 7,000		\$ 7,000
Accounts payable and accrued expenses	1,644,931	98,920	(A) (80,179)	1,663,672
Client funds	510,373			510,373
Accrued payroll and vacation	1,884,563	105,340		1,989,903
Current maturities of long-term obligations	437,408	-		437,408
Deferred revenue	22,677	-		22,677
<b>Total Current Liabilities</b>	<b>4,499,952</b>	<b>211,260</b>	<b>(80,179)</b>	<b>4,631,033</b>
<b>Long-term Liabilities</b>				
Long-term obligations, net of current portion	3,609,612	-		3,609,612
Postretirement benefit obligation	409,998	-		409,998
<b>Total Liabilities</b>	<b>8,519,562</b>	<b>211,260</b>	<b>(80,179)</b>	<b>8,650,643</b>
<b>Net Assets</b>				
Unrestricted	9,675,062	(97,659)		9,577,403
Temporarily restricted	2,479	-		2,479
<b>Total Net Assets (Deficit)</b>	<b>9,677,541</b>	<b>(97,659)</b>		<b>9,579,882</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,197,103</b>	<b>\$ 113,601</b>	<b>\$ (80,179)</b>	<b>\$ 18,230,525</b>

Consolidating Adjustments

A - Elimination of inter-company payables and receivables

**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, 2013**

	<b>Prestera Center for Mental Health Services, Inc.</b>	<b>Midland Behavioral Health, Inc.</b>	<b>Consolidated Total</b>
<b>Unrestricted revenues, gains and other support:</b>			
Client service revenue (net of allowances and discounts)	\$ 21,366,210	\$ 652,786	\$ 22,018,996
Provision for bad debts	(1,654,165)	-	(1,654,165)
Net client services revenue less provision for bad debts	19,712,045	652,786	20,364,831
Federal, state and other grants and contracts	19,082,721	-	19,082,721
Room and board	921,354	-	921,354
Investment income	108,588	-	108,588
In-kind contribution for use of facilities	725,235	-	725,235
Other income	447,605	969	448,574
Net assets released from restrictions	536	-	536
<b>Total unrestricted revenues, gains and other support</b>	<b>40,998,084</b>	<b>653,755</b>	<b>41,651,839</b>
<b>Expenses:</b>			
Salaries and wages	23,454,205	418,383	23,872,588
Employee benefits	4,971,233	32,285	5,003,518
Contracted services	3,169,520	170,529	3,340,049
Professional fees	188,457	4,348	192,805
Lab fees	134,201	-	134,201
Supplies	2,333,081	7,941	2,341,022
Education	164,402	-	164,402
Travel	962,278	-	962,278
Postage	47,925	427	48,352
Advertising	62,129	3,002	65,131
Repairs and maintenance	528,246	134	528,380
Dues and subscriptions	89,685	196	89,881
Taxes	458,285	25	458,310
Insurance	488,785	1,611	490,396
Utilities	1,128,533	7,738	1,136,271
Equipment leases	303,539	-	303,539
Rent	499,205	49,472	548,677
Occupancy	725,235	-	725,235
Depreciation and amortization	889,545	966	890,511
Interest	189,664	3,629	193,293
Other	141,864	6,148	148,012
<b>Total expenses</b>	<b>40,930,017</b>	<b>706,834</b>	<b>41,636,851</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, 2013**

	<u>Prestera Center for Mental Health Services, Inc.</u>	<u>Midland Behavioral Health, Inc.</u>	<u>Consolidated Total</u>
<b>Excess (deficit) of revenues, gains and other support over expenses</b>	\$ 68,067	\$ (53,079)	\$ 14,988
<b>Change in temporarily restricted net assets</b>			
Net assets released from restriction	(536)	-	(536)
<b>Increase (Decrease) in net assets</b>	67,531	(53,079)	14,452
<b>Net assets at beginning of year</b>	<u>9,610,010</u>	<u>(44,580)</u>	<u>9,565,430</u>
<b>Net assets at end of year</b>	<u>\$ 9,677,541</u>	<u>\$ (97,659)</u>	<u>\$ 9,579,882</u>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**SCHEDULE OF BHHF FUNDING STATUS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Department of Health Account Number	Award	Deferred Support 6-30-12	Earned and Billed	Unearned and Billed	Not Billed	Collected 06-30-13
0525-2013-2913-219	\$ 123.970		\$ 115.513		\$ 8,457	\$ 67.967
0525-2013-3065-219	424.022		424.022		-	424.022
0525-2012-3065-218	424.022		424.022		-	424.022
0525-2013-2851-219	615.074		615.074		-	615.074
0525-2013-2851-219	683.398		683.398		-	683.398
0525-5013-3701-219	62.858		62.858		-	57.617
0525-2013-3041-219	1,163.003		1,163.002		1	1,163.002
0525-2013-3115-219	291.291		291.291		-	265.859
0525-2013-3747-219	484.000		452.497		31.503	399.673
0525-2013-3701-219	986.991		986.991		-	890.217
0525-2013-3746-219	165.229		144.050		21.179	127.040
0525-2013-3702-219	175.904		175.904		-	156.646
0525-2013-3747-219	112.318		89.468		22.850	82.536
0525-2013-2884-219	77.543		70.706		6.837	68.126
0525-2013-2891-219	213.557		188.888		24.669	163.769
0525-2013-2919-219	60.000		58.037		1.963	51.972
0525-2013-2884-219	38.082		38.082		-	34.907
0525-2013-3744-219	188.353		172.261		16.092	124.138
0525-2013-3744-219	190.232		190.232		-	153.454
0525-2013-2877-219	89.462		88.855		607	79.159
0525-2013-2877-219	128.350		128.350		-	116.778
0525-2013-3747-219	45.608		45.608		-	41.805
0525-2013-2877-219	98.259		97.360		899	89.274
0525-2013-2867-221	91.285		91.285		-	87.808
0525-2013-3043-219	100.000		85.821		14,179	54.407
0525-2013-3043-219	68.000		68.000		-	61.581
0525-2013-2885-219	82.476		66.861		15.615	60.234
0525-2013-2885-219	256.000		235.666		20.334	220.707
0525-2013-2890-804	194.000		194.000		-	177.831
0525-2013-3426-219	1,063.991		960.604		103.387	849.702
0525-2013-2891-219	951.963		951.963		-	838.586
0525-2013-2891-219	408.000		408.000		-	368.956
0525-2013-2888-219	83.733		63.036		20.697	54.756
0525-2013-2892-219	49.028		49.028		-	44.646
0525-2013-2892-219	43.564		43.564		-	39.698
0525-2013-2892-219	53.203		53.203		-	46.961
0525-2013-2892-219	25.000		20.715		4,285	17.746
0525-2013-2915-219	60.000		60.000		-	54.711
0525-2013-3743-219	53.094		30.541		22,553	23.974
0525-2013-3703-335	577.550		571.544		6,006	519.775
0525-2013-3115-219	420.000		405.457		14,543	377.813
0525-2013-3115-219	500.000		492.135		7,865	439.054
0525-2013-3115-219	278.704		278.704		-	261.582
0525-2013-3743-219	320.000		290.966		29,034	259.468
0525-2013-3743-219	320.000		295.587		24,413	276.743
0525-2013-3703-219	243.750		109.853		133,897	94.836
0525-2013-3116-219	100.000		98.670		1,330	84.692
5074-2013-3162-099	179.065		96.146		82,919	87.229
8723-2013-3116-130	219.805		93.158		126,647	93.158
8723-2012-3116-096	43.673		43.673		-	43.673
8793-2013-2884-130	25.000		25.000		-	25.000
8793-2013-2884-130	116.938		99.788		17,150	93.818
8793-2014-2884-130	38.980		-		38,980	-
8793-2013-2884-130	154.939		76.134		78,805	71.113
8793-2014-2884-130	51.646		-		51,646	-
8793-2013-2890-130	829.312		808.927		20,385	690.263



**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**SCHEDULE OF BHHF FUNDING STATUS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Department of Health Account Number	Award	Deferred Support 6-30-12	Earned and Billed	Unearned and Billed	Not Billed	Collected 06-30-13
8793-2014-2890-130	276.438	-	-	-	276.438	-
8793-2013-2890-130	171.144	-	171.144	-	-	171.144
8793-2013-2891-130	116.000	-	102.581	-	13.419	93.240
8793-2014-2891-130	29.000	-	-	-	29.000	-
8793-2013-2891-130	37.528	-	37.525	-	3	33.354
8793-2014-2891-130	12.509	-	-	-	12.509	12.509
8793-2013-2891-130	6.750	-	6.749	-	1	5.998
8793-2014-2891-130	2.250	-	-	-	2.250	2.250
8793-2013-2892-128	15.694	-	-	-	15.694	-
8793-2014-2892-130	-	-	-	-	-	-
8793-2013-2892-096	8.682	-	8.678	-	4	7.714
8793-2013-2892-096	2.895	-	2.895	-	-	2.895
8793-2014-2892-130	-	-	-	-	-	-
8723-2013-2851-130	54.999	-	39.899	-	15.100	36.677
8723-2012-2851-130	4.093	-	4.093	-	-	4.093
8723-2013-2913-130	186.936	-	150.274	-	36.662	133.325
8723-2014-2913-130	62.312	-	-	-	62.312	-
8723-2012-2913-096	124.530	-	124.530	-	-	124.530
8793-2013-2886-130	260.888	-	260.888	-	-	233.233
8793-2014-2886-130	92.962	-	4.810	-	88.152	-
8793-2012-2886-096	8.900	-	8.900	-	-	8.900
8750-2013-2956-130	100.000	-	64.344	-	35.656	58.344
8723-2013-2886-130	279.422	-	276.864	-	2.558	247.039
8723-2014-2886-130	93.141	-	-	-	93.141	-
8723-2012-2886-096	15.800	-	15.800	-	-	15.800
	<b>\$ 16,807,098</b>		<b>\$ 15,154,472</b>		<b>\$ 1,652,626</b>	<b>\$ 13,933,476</b>

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.  
SCHEDULE OF BHFF 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 6-30-12
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.**  
**BHHF STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET**  
**FOR COMPREHENSIVE AND MR/DD FACILITIES**  
**ACCRUAL BASIS**  
**JUNE 30, 2013**

**ASSETS**

1. Cash	\$	1,636,201
2. Short Term Investments		1,399,865
3. Accounts Receivable - BHHF		1,754,598
4. Accounts Receivable - Clients		107,719
5. Accounts Receivable - Medicaid		1,986,464
6. Accounts Receivable - Medicaid MR/DD Waiver		438,808
7. Accounts Receivable - Other		1,431,678
8. Inventory		-
9. Prepaid/Other		304,727
10. TOTAL CURRENT ASSETS		<u>9,060,060</u>

**NON-CURRENT ASSETS:**

**FIXED ASSETS**

11. Property, Land and Equipment - BHHF		758,579
12. Less Accumulated Depreciation		(623,025)
13. Property, Land and Equipment - Other		15,443,590
14. Less Accumulated Depreciation		(6,813,466)
15. Total Property, Land and Equipment (NET)		<u>8,765,678</u>

**OTHER NON - CURRENT ASSETS**

16. Long - Term Investments		50,000
17. Other		321,365
18. TOTAL ASSETS		<u><u>\$ 18,197,103</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, 2013**

**LIABILITIES**

**CURRENT LIABILITIES**

19. Accounts Payable	\$ 456,691
20. Taxes Payable	-
20a. Provider Taxes Payable	69,086
21. Line of Credit - Payable	-
22. Short-Term Notes Payable	437,408
23. Accrued Expenses	3,026,394
24. Other Current Liabilities	510,373
<b>25. TOTAL CURRENT LIABILITIES</b>	<b><u>4,499,952</u></b>

**LONG-TERM LIABILITIES**

26. Long-Term Notes Payable	3,609,612
27. Other Long-Term Liabilities	409,998
<b>28. TOTAL LIABILITIES</b>	<b><u>8,519,562</u></b>

**NET ASSETS**

29. Unrestricted Net Assets	9,675,062
30. Temporarily Restricted Net Assets	2,479
31. Permanently Restricted Net Assets	-
<b>32. TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 18,197,103</u></b>

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.  
 BHHF STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT  
 FOR COMPREHENSIVE AND MR/DD FACILITIES  
 ACCRUAL BASIS  
JUNE 30, 2013

REVENUE AND SUPPORT

	Year-To-Date
1. Charity Care	
1a. Charity Care - Account 4311.1	\$ 1,446,635
1b. Charity Care - Account 4311.2	3,683,098
1c. Charity Care - Account 4312.1	-
1d. Charity Care - Account 4312.2	-
1e. Charity Care - Account 4314.1	870,957
1f. Charity Care - Account 4314.2	-
1g. Charity Care - Account 4315.1	236,621
1h. Contractual Write-Off Charity Account 4337.1	(5,366,354)
1i. Charity Care Revenue - Account 4329	-
1j. Support/Alternative Svcs. Rev. - Account 4358	(870,957)
Total	-
2. Gross Client Service Revenue	25,328,360
3. Contractual Adjustments (Target Funds)	(587,034)
3a. Contractual Adjustments (Non-Target Funds)	(3,378,116)
5. Net Client Service Revenue	21,363,210
Net Client Service Revenue	
6. Medicaid (Target Funds)	601,092
6a. Medicaid (Non-Target Funds)	9,485,642
7. Medicaid MR/DD Waiver (Non-Target Funds)	5,206,368
8. ICF/MR (Non-Target Funds)	-
9. Private Pay (Non-Target Funds)	1,333,202
9a. Private Pay (BHBF Target Funds)	58,007
9b. Private Pay (BHBF Non-Target Funds)	-
10. Other Client Service Revenue (Target Funds)	816,196
10a. Other Client Service Revenue (Non-Target Funds)	3,865,703
11. Total Net Client Service Revenue	21,366,210
12. BHBF Support	17,584,343
13. Other/Public Support	2,907,326
14. Other	793,834
15. TOTAL REVENUE AND SUPPORT	42,651,713

(Continued)

**PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.**  
**BHHF STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT**  
**FOR COMPREHENSIVE AND MR/DD FACILITIES**  
**ACCRUAL BASIS**  
**JUNE 30, 2013**

**EXPENSES**

16. Salaries	\$ 23,454,205
17. Fringe Benefits	4,971,233
18. Contractual Services	3,169,520
19. Provider Tax	458,285
19a. Bad Debts	1,362,000
19b. Bad Debts (BHHF Target Funds)	292,165
19c. Bad Debts (BHHF Non-Target Funds)	-
20. Depreciation Expense	889,545
21. Other Expenses	7,987,229
	<hr/>
22. <b>TOTAL EXPENSES</b>	<b>42,584,182</b>
	<hr/>
23. <b>NET INCOME (LOSS)</b>	<b>\$ 67,531</b>
	<hr/> <hr/>

PRESIERA CENTER FOR MENIAL HEALTH SERVICES, INC.  
 (A NON-PROFIT CORPORATION)  
 SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED  
 WITH BHHF FUNDING  
 June 30, 2013

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	CECMPTEP
	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	WT 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
	Satellite 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
	CRT Monitor	DELL Marketing	11/01/00	2,331	239EQ018
	Sofa Frame	All A Board	02/20/03	2,634	237EQ051

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.  
(A NON-PROFIT CORPORATION)  
SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED  
WITH BHHF FUNDING  
June 30, 2013

State Account Number of Funds Used/ Program Name	Description of Equipment	Vendor Name	Acquisition Date	Cost	ID No.
8793-2003-2890-096-128-07887	Kenmore Washer	Sears	02/20/03	1,329	2502EQ04
	Dodge Caravan	Crockett	05/12/03	11,600	Y2502VHZ
	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	Y6220VHI
	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	9110EQ02/9
	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



PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC  
(A NON-PROFIT CORPORATION)  
SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED  
WITH BHHF FUNDING  
June 30, 2013

State Account Number of Funds Used/ Program Name	Description of Equipment	Vendor Name	Acquisition Date	Cost	ID No.	
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	Lowes	1/30/2007	632	9360EQ02	
0525-2007-2918-219-025	Optima TX700 Projector	Tiger Direct	9/20/2006	1,180	931EQ001	
	Lenovo 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 C250S 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	Vinyl Flooring-Bathroom	Fabric Town	8/4/2006	829	6250BI02
		Down Stairs Carpet	Fabric Town	8/9/2006	3,113	6250BI03
		Vinyl Flooring-Bathroom	Fabric Town	8/9/2006	604	6250BI04
2003 Dodge Caravan-Silver (RU 6250)		Crockett	8/14/2006	11,900	Y906VH09	
4 PC Living room Furniture		Value City	8/16/2006	1,261	6250EQ02	
7 PC Dining room Furniture		Value City	8/16/2006	2,152	6250EQ03	
Rear Parking Lot		Housing Develop	8/21/2006	7,900	6250BI01	
Stackable Washer/Dryer		Lowes	8/24/2006	1,907	6250EQ04	
Dishwasher & Refrigerator		Lowes	8/24/2006	1,297	6250EQ05	
Carpet and Molding		Fabric Town	9/8/2006	3,306	6250EQ06	
Security System		Standard Al	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		Lowes	6/20/2007	1,268	6250EQ23	
GE Electric Range		Lowes	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		

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.  
(A NON-PROFIT CORPORATION)  
SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED  
WITH BHHF FUNDING  
June 30, 2013

State Account Number of Funds Used/ Program Name	Description of Equipment	Vendor Name	Acquisition Date	Cost	ID No.
5156-2006-3448-335-252	8-Twin Restopedic Mattress Sets	Value City	6/25/2007	2,035	6250EQ22
	High back 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 extensions	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/extension	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(931	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
8793-2007-2892-096-128-12981	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

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.  
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 SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED  
 WITH BHHF FUNDING  
 June 30, 2013

State Account Number of Funds Used/ Program Name	Description of Equipment	Vendor Name	Acquisition Date	Cost	ID No.
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 Woeful	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>	

