

MARION HEALTH CARE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

DHHR - Finance

JUN 3 2015

Date Received

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marion Health Care Foundation, Inc.

I have audited the accompanying financial statements of Marion Health Care Foundation, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013 and the related statements of activities, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marion Health Care Foundation, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of State Grant Receipts and Expenses* at page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The financial statements of Marion Health Care Foundation, Inc. as of June 30, 2012, were audited by a predecessor auditor whose report dated July 30, 2013 expressed an unmodified opinion on those statements.

William Earp Public Accounting, P.L.L.C.

William Earp Public Accounting, P.L.L.C.
Worthington, West Virginia
June 1, 2015

MARION HEALTH CARE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 66,482 | \$ 93,980 |
| Grants receivable | 30,657 | 13,675 |
| Accounts receivable | 18,888 | 8,582 |
| Prepaid expenses | 1,579 | 1,011 |
| Receivable from employee | <u>220</u> | <u> </u> |
| Total current assets | <u>117,826</u> | <u>117,248</u> |
| PROPERTY AND EQUIPMENT | | |
| Land | 7,522 | 7,522 |
| Building | 190,204 | 190,204 |
| Furniture and fixtures | <u>53,419</u> | <u>56,516</u> |
| | 251,145 | 254,242 |
| Less accumulated depreciation | <u>(182,277)</u> | <u>(177,345)</u> |
| | <u>68,868</u> | <u>76,897</u> |
| OTHER ASSETS | | |
| Cash held as agent | <u>800</u> | <u>2,200</u> |
| TOTAL ASSETS | <u>\$ 187,494</u> | <u>\$ 196,345</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 5,787 | \$ 7,315 |
| Accrued payroll and related taxes | 683 | 1,179 |
| Liability for cash held as agent | <u>800</u> | <u>2,200</u> |
| Total current liabilities | <u>7,270</u> | <u>10,694</u> |
| NET ASSETS | | |
| Unrestricted | 180,224 | 185,651 |
| Temporarily restricted | | |
| Restricted | <u> </u> | <u> </u> |
| | <u>180,224</u> | <u>185,651</u> |
| TOTAL LIABILITIES & NET ASSETS | <u>\$ 187,494</u> | <u>\$ 196,345</u> |

See Accompanying Auditor's Report and Notes to Financial Statements

MARION HEALTH CARE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2013 AND 2012

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| UNRESTRICTED REVENUES, GAINS, AND SUPPORT | | |
| WV Department of Health and Human Resources | \$ 57,000 | \$ 54,408 |
| Valley Mental Health | 31,536 | 28,009 |
| Food stamp income | 13,546 | 12,675 |
| Rental income - residence | 1,061 | 4,354 |
| Interest income | <u>212</u> | <u>317</u> |
| Total support and revenue | 103,355 | 99,763 |
| UNRESTRICTED EXPENSES | | |
| Program service expenses | 104,407 | 99,190 |
| Management and general expenses | 4,375 | 4,318 |
| Fundraising expenses | | |
| TOTAL EXPENSES | <u>108,782</u> | <u>103,508</u> |
| CHANGE IN NET ASSETS | (5,427) | (3,745) |
| NET ASSETS - BEGINNING OF YEAR | <u>185,651</u> | <u>189,396</u> |
| NET ASSETS - END OF YEAR | <u>\$ 180,224</u> | <u>\$ 185,651</u> |

See Accompanying Auditor's Report and Notes to Financial Statements

**MARION HEALTH CARE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

| | PROGRAM | | | |
|------------------------------------|--|---------------------------|------------------|-------------------|
| | SERVICES | SUPPORTING SERVICES | | |
| | COMMUNITY BEHAVIORAL HEALTH SERVICES | MANAGEMENT AND GENERAL | FUND- RAISING | TOTAL |
| Wages and payroll taxes | \$ 27,712 | \$ | \$ | \$ 27,712 |
| Payroll taxes | 2,932 | | | 2,932 |
| Employee benefits | 2,870 | | | 2,870 |
| Utilities | 18,010 | | | 18,010 |
| Laboratory and medicine | 71 | | | 71 |
| Meals - food stamps | 13,546 | | | 13,546 |
| Meals - purchased | 20,147 | | | 20,147 |
| Supplies | 1,698 | | | 1,698 |
| Professional fees | | 3,650 | | 3,650 |
| Insurance | 2,472 | | | 2,472 |
| Maintenance | 4,381 | | | 4,381 |
| Telephone | 2,175 | | | 2,175 |
| Office expenses | | 685 | | 685 |
| Miscellaneous expenses | | 40 | | 40 |
| Total expenses before depreciation | <u>\$ 96,014</u> | <u>\$ 4,375</u> | <u>\$</u> | <u>\$ 100,389</u> |
| Depreciation | <u>8,393</u> | | | <u>8,393</u> |
| Total expenses | <u>\$ 104,407</u> | <u>\$ 4,375</u> | <u>\$</u> | <u>\$ 108,782</u> |

See Accompanying Auditor's Report and Notes to Financial Statements

**MARION HEALTH CARE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012**

| | PROGRAM | | | |
|------------------------------------|--|---------------------------|------------------|-------------------|
| | SERVICES | SUPPORTING SERVICES | | |
| | COMMUNITY BEHAVIORAL HEALTH SERVICES | MANAGEMENT AND GENERAL | FUND- RAISING | TOTAL |
| Wages and payroll taxes | \$ 27,788 | \$ | \$ | \$ 27,788 |
| Payroll taxes | 2,662 | | | 2,662 |
| Employee benefits | 2,742 | | | 2,742 |
| Utilities | 17,261 | | | 17,261 |
| Laboratory and medicine | 235 | | | 235 |
| Meals - food stamps | 12,676 | | | 12,676 |
| Meals - purchased | 15,740 | | | 15,740 |
| Supplies | 2,067 | | | 2,067 |
| Professional fees | | 3,800 | | 3,800 |
| Insurance | 2,644 | | | 2,644 |
| Maintenance | 4,708 | | | 4,708 |
| Telephone | 2,094 | | | 2,094 |
| Office expenses | | 453 | | 453 |
| Miscellaneous expenses | 668 | 65 | | 733 |
| Total expenses before depreciation | <u>\$ 91,285</u> | <u>\$ 4,318</u> | <u>\$</u> | <u>\$ 95,603</u> |
| Depreciation | <u>7,905</u> | | | <u>7,905</u> |
| Total expenses | <u>\$ 99,190</u> | <u>\$ 4,318</u> | <u>\$</u> | <u>\$ 103,508</u> |

See Accompanying Auditor's Report and Notes to Financial Statements

MARION HEALTH CARE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2013 | | 2012 |
|--|------------------|-----------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| DECREASE IN NET ASSETS | \$ (5,427) | \$ | (3,745) |
| ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO | | | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | |
| Depreciation of fixed assets | 8,393 | | 7,905 |
| Loss on disposal of property and equipment | | | 668 |
| (Increase) decrease in grants receivable | (16,982) | | 119 |
| (Increase) decrease in accounts receivable | (10,306) | | 9,513 |
| (Increase) decrease in prepaid expenses | (568) | | 26 |
| Increase in receivable from employee | (220) | | |
| (Decrease) in accounts payable | (1,528) | | (12,755) |
| (Decrease) increase in accrued payroll and related taxes | (496) | | 149 |
| Decrease (increase) in cash held as agent | 1,400 | | (1,200) |
| (Decrease) increase in liability for cash held as agent | (1,400) | | 1,200 |
| TOTAL ADJUSTMENTS | <u>(21,707)</u> | | <u>5,625</u> |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | <u>(27,134)</u> | | <u>1,880</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Acquisition of property and equipment | <u>(364)</u> | | <u>(30,484)</u> |
| NET CASH USED BY INVESTING ACTIVITIES | <u>(364)</u> | | <u>(30,484)</u> |
| NET DECREASE IN CASH & CASH EQUIVALENTS | <u>(27,498)</u> | | <u>(28,604)</u> |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | <u>93,980</u> | | <u>122,584</u> |
| CASH & CASH EQUIVALENTS END OF YEAR | <u>\$ 66,482</u> | <u>\$</u> | <u>93,980</u> |

See Accompanying Auditor's Report and Notes to Financial Statements

MARION HEALTH CARE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Activities

Marion Health Care Foundation, Inc. (the Organization), a nonprofit corporation, was founded to provide safe housing for individuals who are in treatment for recovery from substance abuse or mental health disorders. The Organization's two major properties consist of residential facilities for separate housing of men and women. The Organization's major sources of support and revenue consist of a grant from the West Virginia Department of Health and Human Resources (WVDHHR) and receipts billed to Valley Comprehensive Community Mental Health Center, Inc. (Valley) which constitute program service revenue.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues and support are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements are prepared in accordance with the recommendations of FASB Codification (ASC) 958-205, *Presentation of Financial Statement*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The net assets of the Organization and changes in these net assets for the period are classified and reported as follows:

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

Temporarily restricted net assets - net assets subject to donor/grantor stipulations that will be satisfied by actions of the organization or the passage of time.

Permanently restricted net assets - net assets subject to donor/grantor-imposed stipulations that they be maintained permanently by the Organization.

The Organization has no temporarily or permanently restricted net assets at June 30, 2013 and 2012.

Cash

For purposes of the statement of cash flows, the organization considers cash and cash equivalents to include all highly liquid investments with original maturities of three months or less. Cash excludes cash held under agency arrangements by the Organization.

MARION HEALTH CARE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at net realizable value and represent amounts due from Valley Comprehensive Community Mental Health Center, Inc. for occupancy of the Organization's "Women's House" at 202 Columbia Street in Fairmont, West Virginia.

An allowance for doubtful accounts is not considered necessary because amounts due are expected to be fully realizable.

Grants Receivable

In accordance with FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, grants receivable represent amounts due from and billed to the West Virginia Department of Health and Human Resources for allowable expenditures incurred under the grant. An allowance for uncollectible grants receivable is not considered necessary because amounts due are expected to be fully realizable.

Revenue Recognition

In accordance with FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, contributions are recognized in the period received unless the donation qualifies for accrual as an unconditional promise to give at the time a valid pledge is received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Grant revenue is reported as unrestricted grant revenue because the restrictions associated with the grant are satisfied in the same year; when the Organization incurs allowable expenditures in accordance with the grant contract.

Food Stamps

Residents that qualify for the Supplemental Nutrition Assistance Program (SNAP) surrender their benefits to management upon acceptance into the Organization's programs. These resources are "pooled" by management and utilized to procure food and groceries for each residential household. Unutilized food stamp resources are returned to each resident upon their departure from the Organization's programs. *Food stamp income* and *Meals – food stamps* are reported in the financial statements to reflect the dollar value of food stamp resources utilized to support each household for the period.

MARION HEALTH CARE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Marion Health Care Foundation, Inc. is exempt from federal income taxes under 501(c) (3) of the Internal Revenue Code. Therefore, Marion Health Care Foundation, Inc. has made no provision for federal income taxes in the accompanying financial statements. In addition, Marion Health Care Foundation, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

All required federal information returns for the Organization have been filed up to and including the tax year ended June 30, 2013. The Organization's federal information returns for 2010, 2011, and 2012 remain subject to examination by the Internal Revenue Service.

Donated Services and Materials

In accordance with FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, the Organization may receive donated services and materials from unpaid volunteers assisting on the board or at its facilities. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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.

NOTE 2 – PROPERTY AND EQUIPMENT

Marion Health Care Foundation, Inc. follows the practice of capitalizing all expenditures for property, furniture, fixtures, and office equipment in excess of \$500. Property and Equipment are stated at original cost if purchased or fair market value if donated. Part of the cost of building and equipment is charged against earnings each year as depreciation expense. These charges are computed by using the straight-line method based on the estimated useful lives of the assets as follows:

| | |
|------------------------------------|-------------|
| Buildings (including improvements) | 15-40 Years |
| Equipment | 5-10 Years |

MARION HEALTH CARE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

In accordance with FASB ASC 275, *Risks and Uncertainties*, the Organization receives a substantial amount of its support and revenue from two sources. If the Organization were to experience a significant reduction in the amount of this support, a significant impact on the Organization's programs and activities could be experienced.

The Organization receives substantial support from the West Virginia Department of Health and Human Resources under various grant contracts. Support received from the West Virginia Department of Health and Human Resources amounted to \$57,000 and \$54,408 for the years ended June 30, 2013 and 2012, respectively. The amount receivable from this agency was \$30,657 and \$13,675 at June 30, 2013 and 2012, respectively. Management believes that the full amount is collectible; therefore no allowance for bad debts has been made.

Additionally, the Marion Health Care Foundation, Inc. provides services for the Valley Comprehensive Community Mental Health Center, Inc. Revenue from this organization was \$31,656 and \$28,009 for the fiscal years ending June 30, 2013 and 2012, respectively. The amount receivable for these services was \$18,888 and \$8,582 at June 30, 2013 and 2012, respectively. Management believes that the full amount is collectible; therefore no allowance for bad debts has been made.

NOTE 4 – AGENCY ASSETS AND LIABILITIES

As an accommodation to Valley Comprehensive Community Mental Health Center, Inc. (Valley), the Organization receives amounts from Valley which are to be forwarded to the John Manchin Senior Healthcare Clinic (the Clinic) as rent for an office at the Clinic. The Organization submits the rent payments periodically to the Clinic on behalf of Valley. At June 30, 2013 and 2012, the amount of cash held by the Organization on behalf of Valley is \$800 and \$2,200, respectively.

NOTE 5 – RECLASSIFICATIONS

Reclassifications of financial statement amounts were performed in the statement of financial position and statement of cash flows for the year ended June 30, 2012 to conform to the presentation of similar amounts for the year ended June 30, 2013. At June 30, 2012, the Organization held cash in the amount of \$2,200 that was associated with the agency relationship discussed in Note 4. This cash was not available for use in current operations of the Organization. At June 30, 2012, the assets held under the agency arrangement were reclassified from "Cash" to "Cash held as agent". Similarly, the Organization's liability for amounts held under the agency arrangement was reclassified from "Accounts payable" to "Liability for cash held as agent".

MARION HEALTH CARE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 5 – RECLASSIFICATIONS (CONTINUED)

A reclassification of a financial statement amount reported in the statement of functional expenses for the year ended June 30, 2012 was performed to conform to the presentation of the same amount for the year ended June 30, 2013. The Organization provides for basic telephone service at its two residential facilities. The telephone service is utilized primarily by residents of the facilities and, accordingly, is classified as program expense in the statement of functional expenses.

NOTE 6 – MANAGEMENT’S REVIEW

In accordance with FASB ASC 855, *Subsequent Events*, events and transactions subsequent to June 30, 2013 through the report date, have been evaluated by the Organization’s management for possible disclosure in the financial statements. Management has identified the following subsequent event though the report date, which is the date the financial statements were available to be issued.

During the fiscal year ended June 30, 2014, the Board of Directors of the Organization elected to terminate operations and dissolve the corporation as a result of the retirement of the house manager of Serenity Fellowship Home (Men’s House). The board made the determination that a suitable replacement for this key position was not feasible.

The Secretary of the State of West Virginia granted the Organization its dissolution effective August 26, 2014 on the basis of the Organization’s plan to transfer its remaining net assets to Valley Comprehensive Community Mental Health Center, Inc. (Valley) which is a qualified 501(c) (3) organization. As of the report date, the Organization has transferred operational and functional responsibilities for its two residential homes (and related assets) to Valley and was in the process of transferring legal title to all remaining assets.

MARION HEALTH CARE FOUNDATION, INC.

SUPPLEMENTARY INFORMATION

**MARION HEALTH CARE FOUNDATION, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

| <u>AGENCY/DEPARTMENT PROGRAM TITLE</u> | <u>GRANT ID NUMBER</u> | <u>GRANT PERIOD</u> | <u>AWARD AMOUNT</u> | <u>GRANT RECEIPTS</u> | <u>GRANT EXPENSES</u> |
|---|----------------------------|-------------------------|-------------------------|---------------------------|---------------------------|
| <i>WV Depart of Health and Human Resources</i> | | | | | |
| <i>Bureau for Behavioral Health and Health Facilities</i> | | | | | |
| "Substance Abuse Non-Treatment Recovery Homes" | G130413 | 07/01/12 - 06/30/13 | \$ 57,000 | \$ 26,343 | \$ 57,000 |

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of state grant receipts and expenses includes the state grant activity for Marion Health Care Foundation, Inc. under grants covering the fiscal year June 30, 2013 and is presented on the accrual basis of accounting.

See Accompanying Auditor's Report and Notes to Financial Statements

MARION HEALTH CARE FOUNDATION, INC.

**COMMUNICATION OF INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

William Earp Public Accounting, PLLC.

William "Billy" Earp II, CPA
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*Member: American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants,
West Virginia Board of Accountancy*

To the Board of Directors and management
Marion Health Care Foundation, Inc.
Fairmont, West Virginia

In planning and performing my audit of the financial statements of Marion Health Care Foundation, Inc. (the Organization) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of internal control 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 and significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control that I consider to be a material weakness.

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

- The 2012 audited financial statements included Finding #12-02 *Reimbursement of Costs*. This finding cited the Foundation for submitting grant invoices requesting reimbursement for \$2,760.72 of rent expense that was not actually incurred by the Foundation.

Subsequent events procedures performed on grant invoices submitted *after* issuance of the 2012 audit report revealed that the condition which caused Finding #12-02 was not corrected.

The ongoing presence of the condition noted above constitutes an "ineffective response to a significant risk that has been (previously) identified" and constitutes a material weakness in internal control.

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

William Earp Public Accounting, PLLC.

Fairmont, West Virginia
June 1, 2015