

RITCHIE COUNTY
PRIMARY CARE ASSOC., INC.

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

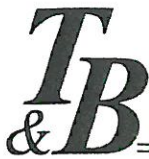
DHHR - Finance

MAR 16 2015

Date Received

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ritchie County Primary Care Assoc., Inc.
Harrisville, West Virginia

DHHR - Finance

MAR 16 2015

Report on the Financial Statements

Date Received

We have audited the accompanying financial statements of Ritchie County Primary Care Assoc., Inc. (a nonprofit organization), which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ritchie County Primary Care Assoc., Inc. as of June 30, 2014 and 2013, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state grant receipts and expenditures is presented for purposes of additional analysis and is also not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Board of Directors
Ritchie County Primary Care Assoc., Inc.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, on our consideration of Ritchie County Primary Care Assoc., 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 Ritchie County Primary Care Assoc., Inc.'s internal control over financial reporting and compliance.

Tetush & Battlett, PLLC

November 13, 2014

DHHR - Finance

MAR 16 2015

Date Received

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
BALANCE SHEETS
JUNE 30,

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 24,750	\$ 44,774
Accounts receivable, net	242,611	180,039
Settlements due from third-party payors	67,306	210,255
Grants receivable	69,166	209
Prepaid assets	4,329	24,529
Other assets	2,729	2,843
Total current assets	<u>410,891</u>	<u>462,649</u>
Noncurrent Assets		
Long-term investments	5,000	5,000
Land, buildings and equipment (net)	870,240	678,588
Total noncurrent assets	<u>875,240</u>	<u>683,588</u>
TOTAL ASSETS	<u>\$ 1,286,131</u>	<u>\$ 1,146,237</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 77,088	\$ 82,046
Deferred revenue	2,745	37,960
Accrued payroll and related liabilities	144,025	103,960
Total current liabilities	<u>223,858</u>	<u>223,966</u>
Total liabilities	<u>223,858</u>	<u>223,966</u>
Net Assets		
Unrestricted	<u>1,062,273</u>	<u>922,271</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,286,131</u>	<u>\$ 1,146,237</u>

The accompanying independent auditor's report and notes are integral parts of these statements.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30,

	2014	2013
Changes in Unrestricted Net Assets		
Unrestricted Revenues and Support		
Net patient service revenue	\$ 1,956,904	1,865,306
School-based health center funding (WVDHHR)	58,006	61,117
Grant revenue	804,464	687,996
EHR incentive payments	63,750	68,000
Other revenue	32,807	12,608
Donated facilities	<u>33,000</u>	<u>33,000</u>
Total unrestricted revenues and support	<u>2,948,931</u>	<u>2,728,027</u>
Expenses		
Salaries and wages	2,055,333	1,971,542
Payroll taxes and employee benefits	383,056	344,234
Purchased services	37,280	24,023
Supplies	158,591	198,211
Depreciation	109,316	137,111
Insurance	9,134	8,965
Legal and accounting	32,936	32,405
Repairs and maintenance	92,003	113,472
Facility rent and utilities	64,038	49,372
Telephone	150,061	120,335
Interest	1,109	3,292
Advertising and promotions	9,043	23,358
Provision for uncollectible accounts	49,376	54,561
Donated facilities	33,000	33,000
Other	<u>101,606</u>	<u>85,884</u>
Total expenses	<u>3,285,882</u>	<u>3,199,765</u>
Excess (deficiency) of unrestricted revenues and support over expenses before other income and (expenditures)	(336,951)	(471,738)

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS (CONT'D)
FOR THE YEARS ENDED JUNE 30,

	2014	2013
Other Income and (Expenditures)		
Primary care deficit funding	\$ 165,014	178,408
Capital improvement grants	311,939	172,518
Investment income	-	23,625
Total other income and (expenditures)	<u>476,953</u>	<u>374,551</u>
 Change in unrestricted net assets	 140,002	 (97,187)
Net assets - unrestricted July 1,	<u>922,271</u>	<u>1,019,458</u>
Net assets - unrestricted June 30,	<u>\$ 1,062,273</u>	<u>\$ 922,271</u>

The accompanying independent auditor's report and notes are integral parts of these statements.

ITCHIE COUNTY PRIMARY CARE ASSOC., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2014	2013
Cash Flows from Operating Activities		
Change in unrestricted net assets	\$ 140,002	\$ (97,187)
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation	109,316	137,111
Provision for uncollectible accounts	49,376	54,561
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable, net	(111,948)	(37,721)
Decrease (increase) in settlements due from third-party payors	142,949	(88,545)
Decrease (increase) in grants receivable	(68,957)	144,192
Decrease (increase) in prepaid assets	20,200	4,300
Decrease (increase) in other assets	114	(1,665)
Increase (decrease) in accounts payable	(4,958)	46,920
Increase (decrease) in deferred revenue	(35,215)	(72,040)
Increase (decrease) in accrued payroll and related liabilities	40,065	(23,976)
Net cash provided by (used in) operating activities	<u>280,944</u>	<u>65,950</u>
Cash Flows from Investing Activities		
Property and equipment acquisitions	<u>(300,968)</u>	<u>(158,437)</u>
Net cash provided by (used in) investing activities	<u>(300,968)</u>	<u>(158,437)</u>
Increase (decrease) in cash	(20,024)	(92,487)
Cash at beginning of year	<u>44,774</u>	<u>137,261</u>
Cash at end of year	<u>\$ 24,750</u>	<u>\$ 44,774</u>
Supplemental Disclosures for Cash Flow Information		
Cash paid during the year for interest	<u>\$ 1,109</u>	<u>\$ 3,292</u>

The accompanying independent auditor's report and notes are integral parts of these statements.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Description of Organization

Ritchie County Primary Care Assoc., Inc., (Association) is a non-profit West Virginia corporation established as a federally qualified health center (FQHC) for the purpose of providing primary care services to the residents of Ritchie, Wood, Doddridge, and Pleasants Counties, West Virginia and the surrounding area.

Basis of Accounting

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

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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates of the financial statements include the allowance for doubtful accounts and the useful lives of fixed assets.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments both readily convertible to known amounts of cash and so near maturity at acquisition (three months or less) that there is an insignificant risk of change in value because of changes in interest rates. Cash equivalents are stated at cost, which approximates fair value.

Accounts Receivable, net

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible accounts and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, Medicaid/Medicare, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable account receivable. The allowance for uncollectible accounts at June 30, 2014 and 2013, was \$108,000 and \$119,000, respectively.

The accompanying independent auditor's report is an integral part of these notes.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Advertising and Interest Costs

All advertising and interest costs incurred during the years ended June 30, 2014 and 2013 have been expensed.

Property and Equipment

Property and equipment are reported at cost for purchased items and at fair value for contributed items. Depreciation is computed by the straight-line method based on estimated useful lives. The Association's policy is to capitalize assets whose expected life is in excess of one year and cost (or fair value) is above a threshold established by the Board. Equipment acquired under capital lease is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Normal repairs and maintenance are expensed, whereas significant improvements which materially increase values or extend useful lives are capitalized and depreciated. Upon sale or retirement, the related cost and accumulated depreciation of capitalized assets are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support 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 contributions. 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. The temporarily restricted net assets are reclassified to unrestricted net assets at that time.

The Association reviews its investment in property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property to the future net undiscounted cash flow expected to be generated by the property including any estimated proceeds from the eventual disposition of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in 2014 and 2013.

Charity Care

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

The accompanying independent auditor's report is an integral part of these notes.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Donor Restrictions

Unconditional promises to give cash and other assets to the Association are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently 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 as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Economic Dependency and Geographic Concentration

The Association generates a substantial portion of its patient service revenue from services to Medicaid and Medicare beneficiaries. Changes in payment rates or methodologies by those programs could, therefore, significantly impact operations. It also receives significant funding from the West Virginia Department of Health and Human Resources, Bureau for Public Health and the Federal Health and Human Services Administration, 330 Funding, as discussed in other notes to the financial statements. Discontinuance of support from these sources could also significantly impact operations.

Patient service revenue is primarily limited to services provided to residents in Ritchie and Doddridge Counties, West Virginia, and the surrounding communities. General economic conditions in the areas significantly influence the Association's ability to collect fees for services rendered.

Net Patient Service Revenue

The Association has agreements with third-party payors that provide for payments to the Association at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Association has included in net patient service revenues adjustments of approximately \$35,359 in 2014 and \$117,690 in 2013, related to its estimates of the ultimate settlement under these third-party arrangements. The Association has also recognized a receivable for the estimated settlements due from third-party payors totaling \$67,306 and \$210,255 at June 30, 2014 and 2013, respectively.

The accompanying independent auditor's report is an integral part of these notes.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Income Taxes

The Association is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code. All required federal business income tax returns for the Association have been filed up to, and including, the tax year ended June 30, 2013. The Association's federal income tax returns for the fiscal years ended June 30, 2013, 2012, and 2011 remain subject to examination by the Internal Revenue Service ("IRS").

Pension Plan

The Association sponsors a defined contribution pension plan covering substantially all of its employees. The employees may make tax deferred contributions to the plan. Under the plan, the Association makes a matching contribution in an amount equal to 100% of the employees' contributions that are not in excess of 4% of compensation, limited to \$1,000 annually. Pension costs for 2014 and 2013 were \$37,435 and \$30,794, respectively.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair value. Equity securities without readily determinable fair values are stated at cost.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in unrestricted net assets unless the income or loss is restricted by donor or law.

2. Accounts Receivable

Accounts receivable and the allowances for contractual allowances and uncollectible accounts consist of the following at June 30,:

	2014	2013
Gross patient receivable	\$ 427,278	\$ 375,706
Less: Allowance for uncollectible accounts	(108,000)	(119,000)
Allowance for contractual adjustments	<u>(76,667)</u>	<u>(76,667)</u>
Accounts receivable, net	<u>\$ 242,611</u>	<u>\$ 180,039</u>

The accompanying independent auditor's report is an integral part of these notes.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

3. Prepaid Assets

Prepaid assets consist of the following at June 30,:

	2014	2013
Pension contribution overpayment	\$ -	\$ 11,912
Prepaid rent	-	8,000
Insurance	4,329	3,943
Maintenance Contracts	<u>-</u>	<u>674</u>
	<u>\$ 4,329</u>	<u>\$ 24,529</u>

4. Long-term Investments

Long-term investments consist of an equity interest in a health care corporation for which there is no readily determinable fair value. The investment is carried at cost of \$5,000 at June 30, 2014 and 2013. Investment income for the years ending June 30, 2014 and 2013 consists of dividends of \$-0- and \$23,625, respectively.

5. Land, Buildings and Equipment

The following is a summary of land, buildings, and equipment at June 30,:

	2014	2013
Building and improvements	\$ 1,059,420	\$ 1,059,420
Furniture and fixtures	312,423	312,423
Equipment	342,458	329,302
Construction in process	<u>299,769</u>	<u>11,957</u>
	2,014,070	1,713,102
Less accumulated depreciation	<u>(1,143,830)</u>	<u>(1,034,514)</u>
Total	<u>\$ 870,240</u>	<u>\$ 678,588</u>

Depreciation expense was \$109,316 and \$137,111 for the year ended June 30, 2014 and 2013, respectively.

The accompanying independent auditor's report is an integral part of these notes.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. Line of Credit

The Association has established a \$100,000 secured line of credit with Huntington National Bank with an interest rate of prime plus 1.5%. At June 30, 2014 and 2013, the outstanding balance amounted to \$-0-. The line is secured by all accounts and equipment.

7. Deferred Revenue

A portion of the Association's revenue is derived from grants. Some revenue is recognized ratably over the grant period. Other revenue is recognized as specific services are performed and related costs incurred. Amounts received but not yet earned are recorded as deferred revenue and totaled \$2,745 and \$37,960, at June 30, 2014 and 2013, respectively.

8. Net Patient Service Revenue

The following is a summary of net patient service revenue for the years ended June 30,:

	2014	2013
General patient revenue	\$ 2,473,314	\$ 2,397,111
Less: Provision for charity care	<u>(182,980)</u>	<u>(337,422)</u>
Gross patient service revenue	2,290,334	2,059,689
Less: Contractual allowances	<u>(333,430)</u>	<u>(194,383)</u>
Net patient service revenues	<u>\$ 1,956,904</u>	<u>\$ 1,865,306</u>

9. Primary Care Funding

The Association was awarded Primary Care Support Grants of \$165,014 and \$178,408, for the years ended June 30, 2014 and 2013, respectively, by the West Virginia Department of Health and Human Resources. The grant is to provide uncompensated care and deficit funding so that the Association can continue to serve patients who cannot pay for services.

The grant is subject to numerous requirements. To maintain eligibility, the Association must be experiencing a financial deficit created when the Association's revenues do not offset expenses incurred while rendering primary care services. Surplus funds will be determined using the last three years' audits with adjustments made to identify allowable excess funds. Any such surpluses, determined in accordance with state requirements, could cause a reduction in future awards.

The accompanying independent auditor's report is an integral part of these notes.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

10. School-based Health Program Grant

The Association operates a school-based health program at public schools in Ritchie, Wood, Doddridge, and Pleasants Counties. This program is funded in part with grants provided through the Division of Primary Care Programs of the West Virginia Department of Health and Human Resources (WVDHHR). During the years ended June 30, 2014 and 2013, the Association received \$58,006 and \$61,117, respectively, to operate the school-based health programs.

11. Federal 330 Grant Funding

The Federal 330 grants are issued to community health centers to increase the access to comprehensive primary and preventive health care, and improve the health status of underserved populations. The Association expended \$743,324 and \$641,740, in Federal 330 funding for the years ended June 30, 2014 and 2013, respectively.

12. Operating Leases

The Association leases space in the former Ritchie County High School building, located in the Town of Harrisville. Total rental expense for this space for the years ended June 30, 2014 and June 30, 2013 amounted to \$24,000 and \$14,000, respectively. Total rental payments related to the health care center operated in Doddridge County, West Virginia for the years ended June 30, 2014 and June 30, 2013 amounted to \$15,000 and \$15,000, respectively. The lease agreement for the Doddridge County center expired in January 2013 and is now being rented on a month-to-month basis. The following is a schedule by years of future minimum lease payments under the Association's operating leases which have remaining non-cancelable lease terms in excess of one year as of June 30, 2014:

	<u>Ritchie County</u>	<u>Doddridge County</u>	<u>Total</u>
2015	\$ 24,000	\$ -	\$ 24,000
2016	24,000	-	24,000
2017	24,000	-	24,000
2018	20,000	-	20,000
2019	-	-	-
Thereafter	-	-	-
	<u>\$ 92,000</u>	<u>\$ -</u>	<u>\$ 92,000</u>

The accompanying independent auditor's report is an integral part of these notes.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

13. Donated Goods, Materials and Facilities

The Association received donations of goods and materials. The fair market value of these donations is not readily determinable and therefore has not been recorded on the statement of operations and changes in net assets. The Association provides services within the school systems of Ritchie, Pleasants, and Wood counties. The use of these facilities has been donated to the Association. The amount of donated facilities for the years ended June 30, 2014 and 2013 was \$33,000 and \$33,000, respectively.

14. Classification of Expenses

Expenses are charged to program and support services based on the actual costs incurred. Those expenses which are not directly identifiable with any other specific function, but provide overall support and direction, have been included as general and administrative.

	2014	2013
General and administrative	\$ 578,926	\$ 597,173
Primary care services	<u>2,706,956</u>	<u>2,602,592</u>
	<u>\$ 3,285,882</u>	<u>\$ 3,199,765</u>

15. Malpractice Insurance

The Association's employees are covered by the Federal Tort Claims Act, and therefore, no separate professional liability insurance is carried by the Association. Pursuant to Section 224 of the Public Health Services Act, the Federal Tort Claims Act covers alleged negligent medical care during the performance of services of FQHC's when performing covered services at covered facilities.

16. Subsequent Events

The Association's management evaluated the effect subsequent events would have on the financial statements through November 13, 2014, which is the date the financial statements were available to be issued.

The accompanying independent auditor's report is an integral part of these notes.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

17. Charity Care

The amount of estimated charity care costs for the years ended June 30, 2014 and 2013 totaled \$243,095 and \$450,865, respectively. The estimated costs were calculated based upon a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated care charges associated with providing care to charity patients.

The accompanying independent auditor's report is an integral part of these notes.

**RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services			
Direct Programs:			
Consolidated Health Centers (Community Health Centers)			
ACA Grants for New and Expanded Consolidated Health Centers	93.527 93.224	n/a n/a	\$ 559,903 <u>183,421</u>
<i>Total Consolidated Health Centers (Community Health Centers)</i>			<u>743,324</u>
Total Health Centers Cluster			<u>743,324</u>
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	n/a	
ACA Grants for School-Based Health Centers Capital Program			<u>311,939</u>
<i>Total Affordable Care Act (ACA) Grants for School- Based Health Center Capital Expenditures</i>			<u>311,939</u>
Total Department of Health and Human Services Direct Programs			<u>1,055,263</u>

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Passed-through Programs:			
West Virginia Primary Care Association Inc. - National Bioterrorism Hospital Preparedness Program <i>Total National Bioterrorism Hospital Preparedness Program</i>	93.889	n/a	\$ <u>4,400</u>
Total Department of Health and Human Services Passed-through Programs			<u>4,400</u>
Total U.S. Department of Health and Human Services			<u>\$ 1,059,663</u>
Total Expenditures of Federal Awards			<u>\$ 1,059,663</u>

Note A – Basis of Presentation

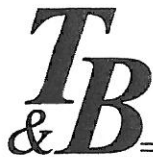
The schedule of expenditures of Federal awards includes the federal grant activity of the Association and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented may differ from amounts presented in, or used in the preparation of the basic financial statements.

The accompanying independent auditor's report and notes are integral parts of this schedule.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014

<u>Identifying State Grant Information</u>	<u>Period of Time</u>	<u>Amount of Award</u>	<u>Receipt of Funds</u>	<u>Expenditures of Funds</u>
DHHR – Uncompensated Care #G140124	07/01/13 - 06/30/14	\$ 165,014	\$ 165,014	\$ 165,014
DHHR – School-based #G140124	07/01/13 - 06/30/14	58,006	58,006	58,006
HCA - RHSP #2014-WVRHSP-06	02/12/14 - 05/30/14	23,000	<u>20,655</u>	<u>20,655</u>
Total			<u>\$ 243,675</u>	<u>\$ 243,675</u>

The accompanying independent auditor's report and notes are integral parts of this schedule.



**INDEPENDENT AUDITOR'S 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
Ritchie County Primary Care Assoc., Inc.
Harrisville, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ritchie County Primary Care Assoc., Inc. (a nonprofit organization), which comprise the balance sheet as of June 30, 2014, and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ritchie County Primary Care Assoc., Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ritchie County Primary Care Assoc., Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ritchie County Primary Care Assoc., Inc.'s internal control.

Our 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 or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items #2014-001, #2014-002, #2014-003, and #2014-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs to be a significant deficiency as item #2014-005.

Compliance and Other Matters

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

We noted certain other matters that we reported to Management of Ritchie County Primary Care Assoc., Inc. in a separate letter dated November 13, 2014.

Ritchie County Primary Care Association's Response to Findings

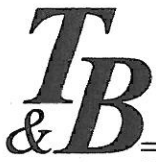
Ritchie County Primary Care Assoc., Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ritchie County Primary Care Assoc., Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial 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.

Tetuck & Baillie, PLLC

November 13, 2014



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

To the Board of Directors
Ritchie County Primary Care Assoc., Inc.
Harrisville, West Virginia

Report on Compliance for Each Major Federal Program

We have audited Ritchie County Primary Care Assoc., Inc.'s 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 Ritchie County Primary Care Assoc., Inc.'s major federal programs for the year ended June 30, 2014. Ritchie County Primary Care Assoc., Inc.'s major federal programs are identified in the summary of auditor's 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 Ritchie County Primary Care Assoc., Inc.'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 Ritchie County Primary Care Assoc., Inc.'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 Ritchie County Primary Care Assoc., Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Ritchie County Primary Care Assoc., 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, 2014.

Report on Internal Control Over Compliance

Management of Ritchie County Primary Care Assoc., Inc. 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 Ritchie County Primary Care Assoc., Inc.'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 Ritchie County Primary Care Assoc., Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2014-006 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2014-007 to be a significant deficiency.

Ritchie County Primary Care Assoc., Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ritchie County Primary Care Assoc., Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Tetush & Bailliet, PLLC

November 13, 2014

**RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified Opinion

Internal control over financial reporting:

Material weakness identified?

 X yes no

Significant deficiency identified?

 X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

Material weakness identified?

 X yes no

Significant deficiency identified?

 X yes none reported

Type of auditor's report issued on compliance for major programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

 X yes no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.527	ACA Grants for New and Expanded
93.224	Consolidated Health Centers
93.501	ACA Grants for School-Based Health Centers Capital Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 yes X no

**RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONT'D)**

B. Findings - Financial Statements Audit

Questioned
Costs

#2014-001 Accounts Receivable Reconciliation

\$-0-

Criteria: Controls over reconciling the accounts receivable should prevent or detect material misstatements in operational results so that it is not necessary to make significant corrections or adjustments to those results.

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

Cause: The control system does not include a process to reconcile patient payments posted to the general ledger to patient payments posted to the accounts receivable system.

Effect: Patient accounts receivable and patient revenue were overstated due to the lack of reconciliation of patient payments. This misstatement was corrected with an audit adjustment proposed by the auditor and accepted by management.

Recommendation: We recommend that the Association implement a control system that includes a process to reconcile patient payments posted to the general ledger to patient payments posted to the accounts receivable system.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this recommendation and will implement a control system that includes a process to reconcile patient payments posted to the general ledger to patient payments posted to the accounts receivable system.

**RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONT'D)**

	<u>Questioned Costs</u>
#2014-002 Grants Receivable Reconciliation	\$-0-
<p>Criteria: Controls over reconciling the grants receivable should prevent or detect material misstatements in operational results so that it is not necessary to make significant corrections or adjustments to those results.</p>	
<p>Condition: The control system failed to prevent or detect a material misstatement identified by the auditor.</p>	
<p>Cause: The control system does not include a process to reconcile grants receivable and grant revenue.</p>	
<p>Effect: Grants receivable and grant revenue were understated due to the lack of reconciliation. This misstatement was corrected with an audit adjustment proposed by the auditor and accepted by management.</p>	
<p>Recommendation: We recommend that the Association implement a control system that includes a process to reconcile grants receivable and grant revenue.</p>	
<p>Views of Responsible Officials and Planned Corrective Actions: Management agrees with this recommendation and will implement a control system that includes a process to reconcile grants receivable and grant revenue.</p>	
#2014-003 Settlements Due from Third-Party Payors	\$-0-
<p>Criteria: Controls over recording and reconciling the settlements due from third-party payors should prevent or detect material misstatements in operational results so that it is not necessary to make significant corrections or adjustments to those results.</p>	
<p>Condition: The control system failed to prevent or detect a material misstatement identified by the auditor.</p>	
<p>Cause: An estimate of the current year's settlements due from third-party payors was not calculated and recorded.</p>	

**RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTD)**

Questioned
Costs

Effect: The receivable and related revenues for the current year's settlements due from third-party payors were understated. This misstatement was corrected with an audit adjustment proposed by the auditor and accepted by management.

Recommendation: We recommend that the Association implement a control system to record and reconcile the settlements due from third-party payors.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this recommendation and will implement a control system to record and reconcile the settlements due from third-party payors.

#2014-004 Accounts Payable

\$-0-

Criteria: Controls over identifying and recording payables to vendors should prevent or detect misstatements in operational results so that it is not necessary to make significant corrections or adjustments to those results.

Condition: The control system failed to identify and record payables to vendors identified by the auditor.

Cause: The control system does not include a process to ensure vendor invoices are recorded in the proper period.

Effect: Multiple vendor invoices due as of the balance sheet date were not included in accounts payable and expenses resulting in an understatement of accounts payable and expenses. This misstatement was corrected with an audit adjustment proposed by the auditor and accepted by management.

Recommendation: We recommend that the Association implement a control system that includes a process to ensure vendor invoices are recorded in the proper period.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this recommendation and will implement a control system that includes a process to ensure vendor invoices are recorded in the proper period.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTD)

Questioned
Costs

#2014-005 Sliding Fee Discounts

\$-0-

Criteria: Control systems should be implemented to properly detect and correct sliding fee discounts not in compliance with the Association's policy.

Condition: The control system failed to effectively identify instances in which the sliding fee discount applied to the charges were greater than the calculated discounts in accordance with the Association's policy.

Cause: Association personnel rely on the billing system to properly calculate and apply the sliding fee discounts without performing an independent verification.

Effect: Because the billing system did not properly calculate and apply the sliding fee discounts and because there was no independent verification of the sliding fee discounts applied, some patients were charged less for services than was appropriate under the sliding fee program.

Recommendation: We recommend that Association personnel perform an independent verification of the sliding fee discounts calculated and applied by the billing system.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this recommendation and will implement independent verifications of the sliding fee discounts.

RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTD)

Questioned
Costs

C. Findings and Questioned Costs – Major Federal Award Programs Audited

#2014-006 U.S. Department of Health and Human Services

Health Center Cluster

Consolidated Health Centers (Community Health Centers)

\$-0-

ACA Grants for New and Expanded – CFDA #93.527

Consolidated Health Centers – CFDA #93.224

Material Weakness: As discussed at Finding #2014-002, controls over reconciling the grants receivable should prevent or detect material misstatements in operational results so that it is not necessary to make significant corrections or adjustments to those results. Because of the lack of reconciliation, grants receivable and grants revenue were understated and corrected through a material audit adjustment. The Association should implement a control system that includes a process to reconcile grants receivable and grant revenue.

#2014-007 U.S. Department of Health and Human Services

Health Center Cluster

Consolidated Health Centers (Community Health Centers)

\$-0-

ACA Grants for New and Expanded – CFDA #93.527

Consolidated Health Centers – CFDA #93.224

Significant Deficiency: As discussed at Finding #2014-005, controls over sliding fee discounts should detect and correct sliding fee discounts not in compliance with the Association's policy. Because the billing system did not properly calculate and apply the sliding fee discounts and because there was no independent verification of the sliding fee discounts applied, some patients were charged less for services than was appropriate under the sliding fee program. Association personnel should perform an independent verification of the sliding fee discounts calculated and applied by the billing system.

**RITCHIE COUNTY PRIMARY CARE ASSOC., INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
FOR THE YEAR ENDED JUNE 30, 2014**

Summary Schedule of Prior Audit Findings

Reference Number

**Questioned
Costs**

#2013-07 Program Income

U.S. Department of Health and Human Services

Health Center Cluster

Consolidated Health Centers (Community Health Centers)

\$-0-

ACA Grants for New and Expanded – CFDA #93.527

Consolidated Health Centers – CFDA #93.224

Condition: The auditor noted during the audit two instances in which the sliding fee discount applied to the charges were less than the calculated discounts in accordance with the Association's policy.

Recommendation: The auditor recommended that Association personnel perform an independent verification of the sliding fee discounts calculated and applied by the billing system.

Current Status: No instances in which the sliding fee discount applied to the charges were less than the calculated discounts in accordance with the Association's policy were noted during the current year audit. However, the Association's internal controls did not effectively identify instances in which the sliding fee discount applied to the charges were greater than the calculated discounts in accordance with the Association's policy and has been identified as a significant deficiency, finding #2014-007.



Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants

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November 13, 2014

To the board members of
Ritchie County Primary Care Assoc., Inc.

We have audited the financial statements of Ritchie County Primary Care Assoc., Inc. for the year ended June 30, 2014, and have issued our report thereon dated November 13, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated June 2, 2014. Professional standards also require that we communicate to you the following information related to our audit.

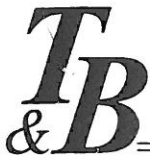
Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ritchie County Primary Care Assoc., Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the contractual and bad debt allowances for accounts receivable is based on management's evaluation of the collectability of the receivables including historical collection rates. We evaluated the key factors and assumptions used to develop the contractual and bad debt allowances for accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.



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November 13, 2014

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Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ritchie County Primary Care Assoc., Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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Management's estimate of the contractual and bad debt allowances for accounts receivable is based on management's evaluation of the collectability of the receivables including historical collection rates. We evaluated the key factors and assumptions used to develop the contractual and bad debt allowances for accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

Decrease in accounts receivable, net	\$ (25,412)
Increase in settlements due from third-party payors	\$ 35,249
Increase in grants receivable	\$ 62,822
Increase in accounts payable for auditor identified payables	\$ 30,441

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 13, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Ritchie County Primary Care Assoc., Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Tetrick & Bartlett, PLLC

Tetrick & Bartlett, PLLC

DHHR - Finance

MAR 16 2015

Date Received

