

HEALTH ACCESS, INC.

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

JUNE 30, 2014

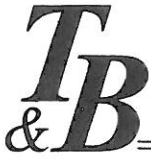
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Health Access, Inc.
Clarksburg, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Health Access, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets 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

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

Basis for Qualified Opinion

As explained in Note 1 to the financial statements, significant amounts of services and supplies have been donated to Health Access, Inc. for the year ended June 30, 2014, and have not been recorded in the financial statements. Accounting principles generally accepted in the United States of America require that such donations be recorded at their fair value at the date of receipt. The effects on the accompanying financial statements of the failure to record the donated services and supplies have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Health Access, Inc. as of June 30, 2014, 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

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 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
Health Access, 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 December 4, 2014, on our consideration of Health Access, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Health Access, Inc.'s internal control over financial reporting and compliance.

Tetuck & Bartlett, PLLC

December 4, 2014

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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 330
Accrued payroll and taxes	2,839
Accrued paid leave	<u>23,946</u>
Total current liabilities	<u>27,115</u>

Total liabilities	<u>27,115</u>
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Net Assets

Unrestricted	<u>943,218</u>
Total net assets	<u>943,218</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 970,333</u></u>
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The accompanying independent auditor's report and notes are integral parts of this statement.

**HEALTH ACCESS, INC.
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating Revenues, Gains, and Other Support			
Direct public support	\$ 69,845	\$ -	\$ 69,845
United Way	68,589	-	68,589
United Hospital Center	10,000	-	10,000
Dominion	20,158	-	20,158
George F. & Ella P Evans Foundation Grant	25,000	-	25,000
Harrison County	25,000	-	25,000
City of Clarksburg	2,000	-	2,000
State grant income	279,873	-	279,873
Breast and Cervical Cancer Program	10,670	-	10,670
Fee income	50,994	-	50,994
Wisewoman	391	-	391
Other fund-raising income	25,263	-	25,263
Net assets released from restrictions:			
Restriction satisfied by expenditure of funds	-	-	-
Total operating revenues, gains, and other support	<u>587,783</u>	<u>-</u>	<u>587,783</u>

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

HEALTH ACCESS, INC.
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating Expenses			
Program expenses:			
Salaries and wages	\$ 310,696	\$ -	\$ 310,696
Payroll taxes	30,151	-	30,151
Telephone	5,806	-	5,806
Postage	508	-	508
Accounting and legal fees	16,138	-	16,138
Repairs and maintenance	6,586	-	6,586
Operating supplies	17,567	-	17,567
Taxes and licenses	260	-	260
Dues and subscriptions	5,825	-	5,825
Insurance	6,664	-	6,664
Depreciation and amortization	22,813	-	22,813
Travel	3,747	-	3,747
Utilities	6,629	-	6,629
Miscellaneous	9,108	-	9,108
Total program expenses	<u>442,498</u>	<u>-</u>	<u>442,498</u>
 Fund-raising expenses:			
Other fund-raising	<u>5,222</u>	<u>-</u>	<u>5,222</u>
Total fund-raising expenses	<u>5,222</u>	<u>-</u>	<u>5,222</u>
 Total expenses	<u>447,720</u>	<u>-</u>	<u>447,720</u>
 Change in net assets from operations	<u>140,063</u>	<u>-</u>	<u>140,063</u>
 Other Changes			
Property tax refund	<u>13,976</u>	<u>-</u>	<u>13,976</u>
Total other changes	<u>13,976</u>	<u>-</u>	<u>13,976</u>
 Change in net assets	154,039	-	154,039
 Net assets at beginning of year	<u>789,179</u>	<u>-</u>	<u>789,179</u>
 Net assets at end of year	<u>\$ 943,218</u>	<u>\$ -</u>	<u>\$ 943,218</u>

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

HEALTH ACCESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>
Cash Flows From Operating Activities	
Change in net assets	\$ 154,039
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	22,813
(Increase) decrease in:	
Prepaid assets	55
Increase (decrease) in:	
Accounts payable	(1,222)
Accrued payroll and taxes	(11,751)
Accrued paid leave	<u>(15,673)</u>
Net cash provided by operating activities	\$ 148,261
Cash Flows From Investing Activities	
Payments for property and equipment	<u>(36,303)</u>
Net cash (used in) investing activities	<u>(36,303)</u>
Increase in cash	111,958
Cash at beginning of year	<u>309,696</u>
Cash at end of year	<u>\$ 421,654</u>

Supplemental Disclosures

During the year ended June 30, 2014, Health Access, Inc. paid no interest.

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

HEALTH ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Significant Accounting Policies

Nature of Activities

Health Access, Inc. is a nonprofit community health care facility, organized for the purpose of providing health care services to needy residents of Clarksburg, West Virginia, and the surrounding areas.

Basis of Presentation

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

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.

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

Cash

For purposes of the statement of cash flows, the Organization considers cash to be cash and cash equivalents.

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2014, the Organization's uninsured cash balances total \$178,166.

Land, Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the asset.

HEALTH ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2014

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services and Medical Supplies

Volunteers have donated significant amounts of time to Health Access, Inc. In addition, significant amounts of medical supplies have been donated. No amounts have been reflected in the statements for these donations for the year ended June 30, 2014.

Public Support, Grants, and Revenues

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give that are designated for future periods are recorded at their net realizable value, and classified as temporarily restricted net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants and other contributions of cash would normally be classified as temporarily restricted support if they were received with donor stipulations that limit the use of the donated assets. However, all contributions are routinely expended per donor wishes in the year received.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Uncollectible promises to give are written off when they are determined to be uncollectible.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2012, 2011, are subject to examination by the IRS, generally for 3 years after they were filed.

HEALTH ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2014

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.

2. Prepaid Assets

Prepaid assets at June 30, 2014, consist of the following:

Prepaid insurance	<u>\$ 1,611</u>
Total	<u><u>\$ 1,611</u></u>

3. Temporarily Restricted Net Assets

There were no temporarily restricted net assets at June 30, 2014.

4. Related Party Transactions

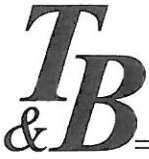
The Organization paid Cava & Banko, PLLC, \$11,139 in accounting fees for the year ended June 30, 2014. The treasurer of Health Access Inc., Andrew Banko, is a member of the above mentioned accounting firm. They provide bookkeeping, payroll, and tax preparation services to Health Access, Inc. on a monthly basis.

5. Subsequent Events

The Organization's management evaluated the effect subsequent events would have on the financial statements through December 4, 2014 which is the date the financial statements were available to be issued.

HEALTH ACCESS, 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>Expenditure (Refund) of Funds</u>
DHHR - Health Right/Free Clinic Primary Care #G140098	07/01/13-06/30/14	<u>\$ 279,873</u>	<u>\$ 279,873</u>	<u>\$ 279,873</u>



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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
Health Access, Inc.
Clarksburg, West Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Health Access, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities 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 December 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Health Access, 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 Health Access, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Access, Inc.'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 the 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 responses as item #2014-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Health Access, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Health Access, Inc.'s Response to Findings

Health Access, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Health Access, 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.

Tetush & Battlett, PLLC

December 4, 2014

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HEALTH ACCESS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

#2014-001 Segregation of Duties – Cash Receipts

Criteria: Responsibilities of opening mail, recording donations and cash receipts, and preparing deposits should be distributed among the staff to the highest degree possible.

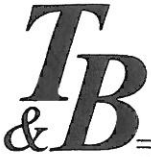
Condition: Analysis of the internal control system indicated a lack of segregation of duties.

Cause: All mail is opened and processed by the executive director. The mail containing donations and the cash receipts from pharmacy donations are recorded on deposit tickets by the executive director as well. There is minimal oversight by the Board of Directors and a lack of segregation of duties with regard to cash receipts.

Effect: There could be instances in which donations and cash received may not be recorded and deposited and may not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: Responsibilities of receipting all monies donated to the clinic and the preparing of deposit tickets should be distributed to separate individuals. We would recommend that these functions be distributed amongst the staff.

Entity's Response: To the extent possible, Health Access, Inc. will segregate the responsibilities of receipting donations and preparing deposits.



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December 4, 2014

To the Board Members of
Health Access, Inc.

We have audited the financial statements of Health Access, Inc. for the year ended June 30, 2014, and have issued our report thereon dated December 4, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter 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 Health Access, 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 the year ended June 30, 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 accumulated depreciation and depreciation expense is based on the estimated useful service lives of the various classes of property. We evaluated the key factors and assumptions used to develop the accumulated depreciation and depreciation expense 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 December 4, 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 Health Access, 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

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