

POTOMAC HIGHLANDS
MENTAL HEALTH GUILD, INC.

FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

AND

INDEPENDENT AUDITOR'S REPORTS

DHHR - Finance

MAR 17 2016

Date Received



Suttie &
Stalnaker^{PLLC}

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Potomac Highlands Mental Health Guild, Inc.
Petersburg, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Potomac Highlands Mental Health Guild, Inc. (the Guild), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Potomac Highlands Mental Health Guild, Inc., as of June 30, 2015 and 2014, 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 2015 audit was conducted for the purpose of forming an opinion on the 2015 financial statements of Potomac Highlands Mental Health Guild, Inc., as a whole. The accompanying supplemental information included on the Schedule of State Grant Awards, Schedule of Expenditures of BHHF Federal Awards by State Account Number, Schedule of Expenditures of BHHF State Awards by State Account Number, Schedule of BHHF Funding Status for Purchase Orders #G140008, #G140362, #G150191, #G150552 & #G150624, Cumulative Schedule of Property and Equipment Purchased with BHHF-Administered Funding, BHHF Standardized Financial Statements - Balance Sheet for Comprehensive and MR/DD Facilities, and BHHF Standardized Financial Statements - Income Statement for Comprehensive and MR/DD Facilities is presented for purposes of additional analysis and is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015 on our consideration of Potomac Highlands Mental Health Guild, 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Potomac Highlands Mental Health Guild, Inc.'s internal control over financial reporting and compliance.



Charleston, West Virginia
December 2, 2015

DHHR - Finance

MAR 17 2016

Date Received

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 350,255	\$ 788,315
Patient receivables, less allowance for doubtful accounts: 2015, \$33,155 and 2014, \$29,941	939,392	833,648
Contract services receivable	276,209	84,161
Other current assets	67,718	55,536
Total current assets	1,633,574	1,761,660
Property and equipment		
Land and land improvements	192,577	210,577
Buildings and improvements	1,034,549	1,192,957
Furniture and equipment	542,368	490,734
Vehicles	253,832	249,074
	2,023,326	2,143,342
Less accumulated depreciation	1,310,359	1,427,243
Total property and equipment	712,967	716,099
Other assets	123,377	106,404
	\$ 2,469,918	\$ 2,584,163
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued payroll expenses	\$ 1,114,815	\$ 1,118,248
Accrued annual leave	78,668	75,758
Refundable advances	25,000	-
Total current liabilities	1,218,483	1,194,006
Net assets - unrestricted	1,251,435	1,390,157
	\$ 2,469,918	\$ 2,584,163

The Accompanying Notes Are An Integral
Part Of These Financial Statements

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenue and support		
Net patient service revenue	\$ 8,726,147	\$ 8,526,442
Support from state and federal programs	1,512,846	1,315,367
Other	<u>198,338</u>	<u>136,953</u>
Total revenue and support	<u>10,437,331</u>	<u>9,978,762</u>
 Expenses		
Salaries and wages	2,842,379	2,783,105
Employee benefits	721,307	703,467
Supplies	81,703	60,320
Contractual and professional	5,446,478	5,068,367
Travel	98,544	103,070
Rent and utilities	224,814	241,370
Depreciation and amortization	93,707	84,268
Repairs, maintenance, and small equipment	354,398	227,205
Insurance	94,046	100,235
Bad debt expense	35,536	36,930
Taxes and licenses	432,762	418,454
Other	<u>150,379</u>	<u>151,182</u>
Total expenses	<u>10,576,053</u>	<u>9,977,973</u>
CHANGE IN UNRESTRICTED NET ASSETS	(138,722)	789
Net assets - unrestricted, beginning of year	<u>1,390,157</u>	<u>1,389,368</u>
Net assets - unrestricted, end of year	<u>\$ 1,251,435</u>	<u>\$ 1,390,157</u>

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2015 AND 2014

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	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (138,722)	\$ 789
Adjustments		
Depreciation and amortization expense	93,707	84,268
Bad debt expense	35,536	36,930
Loss (gain) on disposal of assets	(20,276)	(16,083)
Decrease (increase) in operating assets		
Patient receivables	(141,280)	(51,958)
Contract services receivable	(192,048)	21,260
Other current assets	(12,182)	(884)
Other assets	(16,973)	(10,468)
Increase (decrease) in operating liabilities		
Accounts payable and accrued payroll expenses	(3,433)	186,143
Accrued annual leave	2,910	(439)
Refundable advances	25,000	-
	<u>(367,761)</u>	<u>249,558</u>
 Cash flows from investing activities		
Proceeds from disposal of property and equipment	35,489	39,825
Cash purchases of property and equipment	<u>(105,788)</u>	<u>(203,887)</u>
	<u>(70,299)</u>	<u>(164,062)</u>
 Net increase (decrease) in cash and cash equivalents	(438,060)	85,496
 Cash and cash equivalents, beginning of year	<u>788,315</u>	<u>702,819</u>
 Cash and cash equivalents, end of year	<u>\$ 350,255</u>	<u>\$ 788,315</u>

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS - Potomac Highlands Mental Health Guild, Inc. (the Guild), is a nonprofit corporation established in 1978 under the laws of the State of West Virginia for the purpose of providing mental health and related services to residents of its surrounding area. The Guild's principal office is located in Petersburg, West Virginia and funding for operations is provided primarily through grants and contracts with the State of West Virginia and from fees for services provided. The Guild operates as a comprehensive community mental health center primarily serving the residents of Grant, Hampshire, Hardy, Mineral, and Pendleton Counties.

FINANCIAL STATEMENTS - The accompanying financial statements have been prepared on the accrual basis of accounting.

UNRESTRICTED NET ASSETS - The unrestricted category consists of funds whose use is limited only to the extent that the organization's bylaws limit the activities of the organization. Contributions with donor-imposed restrictions met in the same year in which the contribution is recognized are reported as changes in unrestricted net assets.

TEMPORARILY RESTRICTED NET ASSETS - Temporarily restricted net assets are comprised of funds whose use has been limited by donors to a specific time period and/or purpose. The Guild currently has no temporarily restricted net assets.

PERMANENTLY RESTRICTED NET ASSETS - Permanently restricted net assets are comprised of funds whose use have been restricted by the donor and must be maintained permanently by the Guild. The Guild currently has no permanently restricted net assets.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include the valuation of patient accounts receivable and depreciation expense. Management's estimate of the valuation of patient accounts receivable is based upon established rates with third-party payors, net amounts of anticipated collections, and historical collection information. Management's estimate of depreciation expense is based upon the estimated useful lives of the assets ranging from two to twenty-five years using the straight-line method. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents include cash on hand and deposits with banking institutions in checking and savings accounts, as well as investments in highly liquid debt instruments with original maturities of three months or less.

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
NOTE TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES - The Guild is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Guild has been classified as an organization that is not a private foundation.

For the year ended June 30, 2014, the Guild has no material uncertain tax positions to be accounted for in the financial statements. The Guild recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. As of June 30, 2015 tax years ending on or after June 30, 2012, remain subject to examination.

NET PATIENT SERVICE REVENUE - Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated adjustments under reimbursement agreements with third-party payors. 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.

REVENUE RECOGNITION - Contributions and grants with donor imposed conditions are reported as revenue when qualifying expenses have been incurred or other conditions have been substantially met. Cash received but not yet expended for these conditional grants is recorded as refundable advances. Use of such cash is restricted to the purposes of the contribution or grant. Unrestricted grants and contributions are recorded as revenue in the period received.

PATIENT ACCOUNTS RECEIVABLE - Substantially all accounts receivable are from Medicare, Medicaid or other third-party payors. Accounts receivable are presented on the statement of financial position net of estimated allowances for uncollectible accounts, including bad debts and contractual allowances. The estimated allowance for uncollectible accounts is comprised of amounts management normally considers uncollectible based upon historical trends, and an analysis of the likelihood of collectibility of individual accounts. Amounts are normally considered uncollectible if unresolved differences between the Guild and the respective payor exceed a judgmentally significant time period and all means of collection have been exhausted. The allowance for uncollectible accounts was \$33,155 and \$29,941 for the years ended June 30, 2015 and 2014, respectively, and has been netted against accounts receivable.

PROPERTY AND EQUIPMENT - Property and equipment acquisitions greater than \$500 are capitalized and are recorded at cost. Depreciation is provided over the estimated useful lives of the assets ranging from two to twenty-five years and is computed on the straight-line method. Expenditures for equipment costing less than \$500 and repairs and maintenance are charged to expense as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of land, buildings, and equipment are presented 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 support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Guild reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

All property and equipment is considered to be owned by the Guild while it is used for authorized programs. The West Virginia Department of Health and Human Resources has a reversionary interest in all furniture and equipment purchased with State funds. The disposition of such equipment and ownership of any proceeds, therefore, is subject to State regulations. The net book value of such assets was \$7,438 at June 30, 2015.

REFUNDABLE ADVANCES - Refundable advances represent unexpended funds received as of June 30, 2015. Refundable advances are funds owed to funding sources or approved for use in ongoing or future programs.

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

SUBSEQUENT EVENTS - In preparing these financial statements, the Guild has evaluated events and transactions for potential recognition or disclosure through December 2, 2015, the date the financial statements were available to issue.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits with banking institutions in checking and savings accounts. Bank balances are typically secured by federal deposit insurance at \$250,000 per institution. Balances in these accounts sometimes exceed the federal deposit insurance limits; however, management believes the banks to be creditworthy and believes that credit risk associated with these deposits is minimal. At June 30, 2015, the total bank balance that exceeded the federal deposit insurance was \$100,434.

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 NOTE TO THE FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 3 - ACCOUNTS RECEIVABLE CONCENTRATIONS OF CREDIT RISK

The Guild extends credit without collateral to its patients, most of who qualify for Medicaid. The mix of receivables at June 30 is as follows:

	<u>2015</u>	<u>2014</u>
Medicaid	7%	11%
Medicaid waiver	55%	57%
Other third-party payors	38%	32%
	<u>100%</u>	<u>100%</u>

NOTE 4 - LINE OF CREDIT

The Guild has a line of credit agreement with a local bank totaling \$290,000. Borrowings under the line of credit bear interest at a fixed rate of 5.00%, with interest payable monthly. There was no amount outstanding under this line of credit at June 30, 2015. The line of credit is secured by real estate.

NOTE 5 - REFUNDABLE ADVANCES

Refundable advances, which consist of grant funds received by the Organization but not yet expended for qualifying expenses, are comprised of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
WV Partnership for Success	\$ 25,000	\$ -
	<u>\$ 25,000</u>	<u>\$ -</u>

NOTE 6 - REVENUE AND SUPPORT

The Guild receives revenue from a variety of sources. The Guild is dependent upon its respective Federal and State sponsoring agencies obtaining adequate appropriation and the existence of sufficient related Federal and State revenues to fund such appropriations. Following is a summary of the major funding sources:

	<u>2015</u>	<u>2014</u>
West Virginia Department of Health and Human Resources		
Bureau for Behavioral Health & Health Facilities	\$ 1,512,846	\$ 1,315,367
Medicaid	457,407	548,102
Medicaid waiver	6,400,960	6,463,117
Other	2,066,118	1,652,176
	<u>\$ 10,437,331</u>	<u>\$ 9,978,762</u>

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
NOTE TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

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NOTE 6 - REVENUE AND SUPPORT (Continued)

A significant reduction in the level of this support, if this were to occur, would have a significant impact on the Guild's programs and activities.

NOTE 7 - PENSION PLAN

The Potomac Highlands Mental Health Guild, Inc. 401(k) Plan was adopted effective July 1, 2011. This plan is available to all employees meeting age and service requirements. Contributions are voluntary and based on a percentage of participating employees' salaries in accordance with salary reduction agreements. Employer matching and/or profit sharing contributions are discretionary. Employer contributions made to this plan were \$25,000 and \$20,000 for the years ended June 30, 2015 and 2014, respectively.

NOTE 8 - OPERATING LEASES

The Guild leases office space and equipment. The future minimum annual rental commitments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 63,043
2017	22,366
2018	6,308
2019	6,057
2020	4,000
	<u>\$ 101,774</u>

Total rent expense for the years ended June 30, 2015 and 2014 was \$103,487 and \$96,703, respectively.

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 NOTE TO THE FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 9 - FUNCTIONAL CLASSIFICATION OF EXPENSES

	Year Ended June 30, 2015		
	<u>Program Costs</u>	<u>Administrative Costs</u>	<u>Total Costs</u>
Administrative & General	\$ -	\$ 1,787,466	\$ 1,787,466
Supportive Residential	4,189,570	-	4,189,570
Adult Residential	922,330	-	922,330
Adult Supportive	99,340	-	99,340
Day Treatment MR	72,800	-	72,800
Day Treatment Other	91,999	-	91,999
Other Outpatient Service	999,462	-	999,462
Case Management	335,298	-	335,298
Emergency/Crisis Response	209,020	-	209,020
Prevention	343,853	-	343,853
Personal Care	<u>1,524,915</u>	<u>-</u>	<u>1,524,915</u>
Total	<u>\$ 8,788,587</u>	<u>\$ 1,787,466</u>	<u>\$ 10,576,053</u>

	Year Ended June 30, 2014		
	<u>Program Costs</u>	<u>Administrative Costs</u>	<u>Total Costs</u>
Administrative & General	\$ -	\$ 1,765,317	\$ 1,765,317
Supportive Residential	4,208,256	-	4,208,256
Adult Residential	987,125	-	987,125
Adult Supportive	99,006	-	99,006
Day Treatment MR	92,985	-	92,985
Day Treatment Other	102,065	-	102,065
Other Outpatient Service	1,012,845	-	1,012,845
Case Management	377,364	-	377,364
Emergency/Crisis Response	62,321	-	62,321
Prevention	194,604	-	194,604
Personal Care	<u>1,076,085</u>	<u>-</u>	<u>1,076,085</u>
Total	<u>\$ 8,212,656</u>	<u>\$ 1,765,317</u>	<u>\$ 9,977,973</u>

NOTE 10 - CONTINGENCIES

Under the terms of the Medicaid program and certain grant programs, periodic audits may be made, and certain costs or services may be questioned as not being appropriate. Laws and regulations governing the grant programs and allowability of services and program costs are complex and subject to interpretation. Accordingly, such audits could lead to disallowances requiring reimbursements to the grantor agencies, which could be material to the Guild's financial statements. Management of the Guild believes that the Guild is in compliance with applicable laws and regulations in all material respects.

Also, the Guild is involved in various legal actions from time to time in the ordinary course of business. Management is not currently aware of any matters, which will have a significant adverse effect on the Guild's financial position.

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 SCHEDULE OF STATE GRANT AWARDS
 YEAR ENDED JUNE 30, 2015

AWARDING AGENCY: Department of Health and Human Resources

GRANT NAME	GRANT IDENTIFICATION	PERIOD OF AWARD	TOTAL AWARD	FUNDS RECEIVED	FUNDS EXPENDED	UNEXPENDED BALANCE	AMOUNT RECEIVABLE
Care Coordination	0525-2014-3701-219-258	07/01/2013 - 10/31/2014	\$ 302,602	\$ 75,645	\$ 75,645	\$ -	\$ -
Care Coordination Support	0525-2014-3702-219-258	07/01/2013 - 10/31/2014	22,918	5,729	5,729	-	-
Regional Family Support	0525-2014-0506-2867-21900-3206-3950	07/01/2013 - 10/31/2014	19,841	19,841	19,841	-	-
	G140008 TOTAL		345,361	101,215	101,215	-	-
Regional Youth Service Center	0525-2014-0506-2892-21900-3206-3949	10/01/2013 - 09/30/2014	70,000	34,214	34,214	35,786	-
	G140362 TOTAL		70,000	34,214	34,214	35,786	-
Core Services	0525-2014-0506-2851-21900-3206-3949	07/01/2014 - 06/30/2015	149,662	133,160	149,662	-	16,502
Core Services	0525-2015-0506-2851-21900-3206-3949	07/01/2014 - 06/30/2015	557,620	453,895	557,620	-	103,725
Children's Clinical Outreach Service	0525-2015-0506-2919-21900-3206-3949	07/01/2014 - 06/30/2015	60,000	46,382	60,000	-	13,618
	G150191 TOTAL		767,282	633,437	767,282	-	133,845
Community Engagement Specialist	0525-2015-0506-3701-21900-3206-3950	11/01/2014 - 06/30/2015	89,739	76,552	89,739	-	13,187
	G150624 TOTAL		89,739	76,552	89,739	-	13,187
	TOTAL		\$ 1,272,382	\$ 845,418	\$ 992,450	\$ 35,786	\$ 147,032

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 SCHEDULE OF EXPENDITURES OF BHHF FEDERAL AWARDS
 BY STATE ACCOUNT NUMBER
 YEAR ENDED JUNE 30, 2015

FEDERAL PROGRAM TITLE	STATE ACCOUNT NUMBER	EXPENDITURES
Block Grant for Prevention and Treatment of Substance Abuse	8793-2014-2884-130-128	\$ 15,076
	8793-2014-2886-130-128	33,568
	8793-2015-0506-2884-13000-3285-0000	23,918
	8793-2015-0506-2886-13000-3285-0000	89,583
	8793-2015-0506-2892-13000-3285-0000	<u>77,990</u>
		<u>240,135</u>
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	8723-2014-2886-130-128	77,119
	8723-2015-0506-2886-13000-3285-0000	<u>203,142</u>
		<u>280,261</u>
		<u>\$ 520,396</u>

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
SCHEDULE OF EXPENDITURES OF BHHF STATE AWARDS
BY STATE ACCOUNT NUMBER
YEAR ENDED JUNE 30, 2015

<u>STATE ACCOUNT NUMBER</u>	<u>EXPENDITURES</u>
0525-2014-0506-2851-21900-3206-3949	\$ 149,662
0525-2014-0506-2867-21900-3206-3950	19,841
0525-2014-0506-2892-21900-3206-3949	34,214
0525-2014-3701-219-258	75,645
0525-2014-3702-219-258	5,729
0525-2015-0506-2851-21900-3206-3949	557,620
0525-2015-0506-2919-21900-3206-3949	60,000
0525-2015-0506-3701-21900-3206-3950	89,739
	<u>\$ 992,450</u>

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 SCHEDULE OF BHHF FUNDING STATUS FOR PURCHASE
 ORDERS #G140008, #G140362, #G150191, #G150552, & #G150624
 YEAR ENDED JUNE 30, 2015

BHHF ACCOUNT NUMBER	FINAL BHHF AWARD	AMOUNT EARNED AND BILLED	AMOUNT NOT EARNED BUT BILLED	AMOUNT EARNED AND NOT BILLED	AMOUNT COLLECTED
0525-2014-0506-2851-21900-3206-3949	\$ 149,662	\$ 149,662	\$ -	\$ -	\$ 133,160
0525-2014-0506-2867-21900-3206-3950	19,841	19,841	-	-	19,841
0525-2014-0506-2892-21900-3206-3949	70,000	34,214	-	-	34,214
0525-2014-3701-219-258	302,602	75,645	-	-	75,645
0525-2014-3702-219-258	22,918	5,729	-	-	5,729
0525-2015-0506-2851-21900-3206-3949	557,620	557,620	-	-	453,895
0525-2015-0506-2919-21900-3206-3949	60,000	60,000	-	-	46,382
0525-2015-0506-3701-21900-3206-3950	89,739	89,739	-	-	76,552
8723-2014-2886-130-128	247,000	77,119	-	-	77,119
8723-2015-0506-2886-13000-3285-0000	247,000	203,142	25,000	-	157,535
8793-2014-2884-130-128	38,671	15,076	-	-	15,076
8793-2014-2886-130-128	198,875	33,568	-	-	33,568
8793-2015-0506-2884-13000-3285-0000	25,781	23,918	-	-	22,407
8793-2015-0506-2886-13000-3285-0000	198,875	89,583	-	-	63,633
8793-2015-0506-2892-13000-3285-0000	280,000	77,990	-	-	45,027
	<u>\$ 2,508,584</u>	<u>\$ 1,512,846</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 1,259,783</u>

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 CUMULATIVE SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED WITH BHHE-ADMINISTERED FUNDING
 YEAR ENDED JUNE 30, 2015

Description of Item	Vendor Name	Provider ID #	Date Acquired	Cost of Item	Accumulated Depreciation	State Account Number	Fixed Asset #
John Deere Tractor	K&W Equipment	55-05-808-66	06/24/93	\$ 5,000.00	\$ 5,000.00	4190-57-V04-01	VESF244
Landscapes	B&B Mowers & Trailers	55-05-808-66	01/03/94	1,671.00	1,671.00	4190-57-V04-30	VESF271
Tent	Anchor Indus.	55-05-808-66	08/31/94	2,085.00	2,085.00	8793-1995-2886-096-00330	EQFF284
Laserjet Printer	TR Associates	55-05-808-66	08/03/95	1,710.00	1,710.00	8723-1996-2849-096-252	EQFF303
Projector	Unknown	55-05-808-66	08/31/99	3,419.00	3,419.00	Unknown	EQFF0004
6' Table Top Display	Coastal Displays	55-05-808-66	06/01/99	1,521.00	1,521.00	8793-1999-2886-096-252-03087	EQFF0003
Lap Top Computer Dell	Dell	55-05-808-66	08/20/02	1,990.68	1,990.68	8794-2919-096-252	EQOF127
2 Lap Top Computers/Printers	Dell	55-05-808-66	11/19/02	3,358.00	3,358.00	8794-2919-096-252	EQOF101
3 Lateral Files	Bon Tay Business Products	55-05-808-66	04/23/03	1,698.12	1,698.12	8793-2885-096-252	EQOF135
Lennox A/C	Unknown	55-05-808-66	06/15/90	4,735.00	4,735.00	Unknown	EQSF98
Fire Alarm System	Unknown	55-05-808-66	02/01/93	1,000.00	1,000.00	Unknown	EQSF238
Desk/Credenza	Unknown	55-05-808-66	05/31/04	1,858.23	1,858.23	8793-2885-096-128	EQFF278
Digital Projector	Landis Office	55-05-808-66	05/05/04	1,878.08	1,878.08	0525-2923-219-252	EQSF2
Corner Workstation	National Business Furniture	55-05-808-66	05/17/04	1,863.20	1,863.20	0525-2851-219-252	EQSF 126
10 Computers/Printers	Mission WV, Inc.	55-05-808-66	06/29/04	5,550.00	5,550.00	8793-2885-096-128	EQFF0007
2 Intoximeters	Intoximeters, Inc.	55-05-808-66	09/24/04	1,184.00	1,184.00	8793-2885-096-128	EQFF008
2 Dell Computers/ 1 Brother Printer	Dell/PC Nation	55-05-808-66	06/20/05	1,696.98	1,696.98	8793-2892-096-128	EQFF009
6 Dell Computers	Dell	55-05-808-66	06/20/05	3,629.51	3,629.51	0525-2851-219-252	EQSF 3
2008 Jeep Compass	Markwood Auto	55-05-808-66	04/30/08	19,500.00	14,137.50	0525-3702-219-252	VESF 273
Canon DR-9080 Scanner	Sceris, Inc	55-05-808-66	02/28/09	3,495.00	3,495.00	0525-2849-219-252	EQSF 130
Canon DR 4010C Scanner	ScanTastik Inc.	55-05-808-66	03/18/09	2,917.12	2,917.12	0525-2849-219-252	EQOF 267
E-Studio 407CS Copier	Landis Office Center	55-05-808-66	06/01/14	2,648.94	573.94	8723-2886-130-128-22891	EQFF 206
				\$ 74,408.86	\$ 66,971.36		

**POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 BEHAVIORAL HEALTH SERVICES AND HEALTH FACILITIES
 STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS**

ASSETS	
	<u>June 30, 2015</u>
CURRENT ASSETS:	
1. Cash	\$ 280,688
2. Short Term Investments	69,567
3. Accounts Receivable - OBHS	276,209
4. Accounts Receivable - Client	(7,904)
5. Accounts Receivable - Medicaid	64,941
6. Accounts Receivable - Medicaid MR/DD Waiver	499,157
7. Accounts Receivable - Other	416,353
7a. Less: Allowance for Uncollectibles	(33,155)
8. Inventory	-
9. Prepaid/Other	67,718
10. TOTAL CURRENT ASSETS	<u>1,633,574</u>
(Total of lines 1-9)	
NON-CURRENT ASSETS:	
FIXED ASSETS	
11. Property, Land and Equipment - OBHS	74,409
12. Less Accumulated Depreciation	(66,971)
13. Property, Land and Equipment - Other	1,948,917
14. Less Accumulated Depreciation	(1,243,388)
15. Total Property, Land and Equipment (NET)	<u>712,967</u>
OTHER NON-CURRENT ASSETS	
16. Long-Term Investments	123,377
17. Other	-
18. TOTAL ASSETS	<u>\$ 2,469,918</u>
(Total of lines 10, 15, 16 and 17)	
LIABILITIES	
CURRENT LIABILITIES:	
19. Accounts Payable	\$ 1,060,062
20. Taxes Payable	(6)
20 A. Provider Taxes Payable	-
21. Line of Credit - Payable	-
22. Short-Term Notes Payable	-
23. Accrued Expenses	133,427
24. Other Current Liabilities	25,000
25. TOTAL CURRENT LIABILITIES	<u>1,218,483</u>
(Total of lines 19 through 24)	
LONG-TERM LIABILITIES:	
26. Long-Term Notes Payable	-
27. Other Long-Term Liabilities	-
28. TOTAL LIABILITIES	<u>1,218,483</u>
(Total of lines 25, 26 and 27)	
NET ASSETS	
29. Unrestricted Net Assets	1,251,435
30. Temporarily Restricted Net Assets	-
31. Permanently Restricted Net Assets	-
32. TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,469,918</u>
(Total of lines 28 through 31)	

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 BEHAVIORAL HEALTH SERVICES AND HEALTH FACILITIES
 STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS

	REVENUE AND SUPPORT	<u>June 30, 2015</u>
1. Charity Care	\$	-
1a. Charity Care - Account 4311.1		(3,235)
1b. Charity Care - Account 4311.2		(133,568)
1c. Charity Care - Account 4312.1 (Use of this acct. is discouraged)		-
1d. Charity Care - Account 4312.2		(5,064)
1e. Charity Care - Account 4314.1		-
1f. Charity Care - Account 4314.2		-
1g. Charity Care - Account 4315.1		(256,182)
1h. Contractual Write-Off Charity - Account 4337.1		2,626
1i. Charity Care Revenue - Account 4329		139,241
1j. Support/Alternative Svcs. Rev. - Account 4358		256,182
Total (Should equal zero)		<u>-</u>
2. Gross Client Service Revenue		8,870,230
3. Contractual Adjustments (Target Funds)		(1,552)
3a. Contractual Adjustments (Non-Target Funds)		(142,531)
5. Net Client Service Revenue		<u>8,726,147</u>
Net Client Service Revenue		
6. Medicaid (Target Funds)		20,549
6a. Medicaid (Non-Target Funds)		436,858
7. Medicaid MR/DD Waiver (Non-Target Funds)		6,400,960
8. ICF/MR (Non-Target Funds)		-
9. Private Pay (Non-Target Funds)		22,462
9a. Private Pay (OBHS Target Funds)		13,630
9b. Private Pay (OBHS Non-Target Funds)		-
10. Other Client Service Revenue (Target Funds)		2,251
10a. Other Client Service Revenue (Non-Target Funds)		1,829,437
11. Total Net Client Service Revenue (Line 11 must agree with line 5)		<u>8,726,147</u>
12. OBHS Support		1,512,846
13. Other/Public Support		-
14. Other		<u>198,338</u>
15. TOTAL REVENUE AND SUPPORT (Total of line 11 through line 14)		<u>10,437,331</u>
EXPENSES		
16. Salaries		2,842,379
17. Fringe Benefits		721,307
18. Contractual Services		5,690,319
19. Provider Tax		426,824
19 A Bad Debts		19,271
19 B Bad Debts (BHIF Target Funds)		973
19 C Bad Debts (BHIF Non-Target Funds)		15,292
20. Depreciation Expense		93,707
21. Other Expenses		<u>765,981</u>
22. TOTAL EXPENSES (Total of line 16 through line 21)		<u>10,576,053</u>
23. NET INCOME (LOSS) (Line 15 minus line 22)	\$	<u>(138,722)</u>

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC,
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services		
Passed-through West Virginia Department of Health and Human Resources, Bureau for Behavioral Health and Health Facilities		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	\$ 280,261
Block Grants for Prevention and Treatment of Substance Abuse	93.959	240,135
Total Expenditures of Federal Awards		<u>\$ 520,396</u>

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEARS ENDED JUNE 30, 2015 AND 2014

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NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Potomac Highlands Mental Health Guild, Inc., and is presented on the accrual basis. 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*.

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

24

Program	Findings/Noncompliance	Questioned Cost
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There were no prior year Single Audit findings.

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

The Board of Directors
Potomac Highlands Mental Health Guild, Inc.
Petersburg, 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 Potomac Highlands Mental Health Guild, Inc. (the Guild), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Guild's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Guild's internal control. Accordingly, we do not express an opinion on the effectiveness of the Guild'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Guild's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questions costs as item 2015-001.

The Guild's Response to Findings

The Guild's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Guild'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 Guild'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.



Charleston, West Virginia
December 2, 2015

DHHR - Finance

MAR 17 2016

Date Received

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

The Board of Directors
Potomac Highlands Mental Health Guild, Inc.
Petersburg, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the compliance of Potomac Highlands Mental Health Guild, Inc. (the Guild), a non-profit organization, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Guild's major federal programs for the year ended June 30, 2015. The Guild'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 the Guild's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Guild's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Guild's compliance.

Basis for Qualified Opinion on CFDA 93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance

As described in the accompanying schedule of findings and questioned costs, the Guild did not comply with requirements regarding CFDA 93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance as described in finding number 2015-002 for Cash Management. Compliance with such requirements is necessary, in our opinion, for the Guild to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, the Guild complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on *CFDA 93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance* for the year ended June 30, 2015.

Other Matters

The Guild's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Guild's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Guild is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Guild's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Guild'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 a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

The Guild's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Guild's response was not subject 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.



Charleston, West Virginia
December 2, 2015

DHHR - Finance

MAR 17 2016

Date Received

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:
 Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified that are not
 considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified that are not
 considered to be material weaknesses? X yes no

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

Any audit findings disclosed that are required to be reported
 in accordance with section .510(a) of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance

Dollar threshold used to distinguish between Type A and
 Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X No

SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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2015-001 CASH MANAGEMENT

Criteria: According to Exhibit D of the grant agreement, grant funds will be provided based on reimbursement of actual costs incurred during the previous month.

Condition: The drawdown calculation for May 2015 was incorrect. Reimbursement was requested in excess of expenses incurred.

Questioned Costs: Unknown

Context: Total cash draws for the program was \$305,261, of which \$280,261 was earned for the year ended June 30, 2015.

Cause: The deficiency noted above was due to error and a lack of a review for the cash drawdown procedures and calculation.

Effect: The calculation the drawdown process is more susceptible to errors,

Recommendation: We recommend that the drawdown calculation and grant invoice is reviewed by another individual before the request is made. The preparation and review process should be documented.

Organization's Response to Finding / Corrective Action Plan *PHG agrees with audit finding listed above. PHG previously had a second review process in place. Due to grant growing complexity, the PHG's Director of Finance solely took on this process to ensure correct/proper preparation and invoicing. PHG has since separated these duties as of September 2015, while the Director of Finance continues to prepare the drawdown calculation and monthly invoice, PHG's Executive Director now reviews the Director of Finance's preparation and signs the final and approved invoice that is submitted to the BHHF for reimbursement.*

SECTION III

FEDERAL AWARD FINDINGS
AND QUESTIONED COSTS SECTION

POTOMAC HIGHLANDS MENTAL HEALTH GUILD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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2015-002 CASH MANAGEMENT

Federal Program Information: **Federal Agency and Program Name** **CFDA#**
Department of Health and Human Services
Substance Abuse and Mental Health Services
Projects of Regional and National Significance 93.243
Grant ID 150552

Criteria: According to Exhibit D of the grant agreement, grant funds will be provided based on reimbursement of actual costs incurred during the previous month.

Condition: The drawdown calculation for May 2015 was incorrect. Reimbursement was requested in excess of expenses incurred.

Questioned Costs: Unknown

Context: Total cash draws for the program was \$305,261, of which \$280,261 was earned for the year ended June 30, 2015.

Cause: The deficiency noted above was due to error and a lack of a review for the cash drawdown procedures and calculation.

Effect: The calculation the drawdown process is more susceptible to errors.

Recommendation: We recommend that the drawdown calculation and grant invoice is reviewed by another individual before the request is made. The preparation and review process should be documented.

Organization's Response to Finding / Corrective Action Plan *PHG agrees with audit finding listed above. PHG previously had a second review process in place. Due to grant growing complexity, the PHG's Director of Finance solely took on this process to ensure correct/proper preparation and invoicing. PHG has since separated these duties as of September 2015, while the Director of Finance continues to prepare the drawdown calculation and monthly invoice. PHG's Executive Director now reviews the Director of Finance's preparation and signs the final and approved invoice that is submitted to the BHHF for reimbursement.*