

UNITED SUMMIT CENTER, INC.

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

DHHR - Finance

OCT 20 2016

Date Received

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Tetrick & Bartlett, PLLC

Certified Public Accountants
Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
United Summit Center, Inc.
Clarksburg, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of United Summit Center, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities, 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 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 United Summit Center, Inc. as of December 31, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules, as listed in the index, are presented for purposes of additional analysis and are 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 March 12, 2016, on our consideration of United Summit Center, 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 United Summit Center, Inc.'s internal control over financial reporting and compliance.

Jettick & Bardette, PLLC

March 12, 2016

DHHR - Finance

OCT 20 2016

Date Received

UNITED SUMMIT CENTER, INC.
BALANCE SHEETS
DECEMBER 31,

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,981,016	\$ 2,301,650
Patient accounts receivable, net of contractual allowances and allowance for doubtful collections of approximately \$1,149,314 in 2015 and \$780,000 in 2014	3,761,079	3,210,371
Other receivables	1,250,648	1,457,048
Deposits	17,963	19,936
Prepaid expenses	89,357	75,230
Total current assets	<u>7,100,063</u>	<u>7,064,235</u>
Assets Whose Use is Limited		
Board-designated funds:		
Funded depreciation	3,913,607	3,922,889
Malpractice self-insurance, held by trustee	<u>929,256</u>	<u>1,032,856</u>
Total assets whose use is limited	<u>4,842,863</u>	<u>4,955,745</u>
Long-Term Investments	<u>18,262</u>	<u>21,088</u>
Land, Property and Equipment (net)	<u>1,727,829</u>	<u>1,901,976</u>
TOTAL ASSETS	<u>\$ 13,689,017</u>	<u>\$ 13,943,044</u>

	2015	2014
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 622,267	\$ 856,532
Salaries and benefits payable	2,071,296	1,654,881
Current portion of estimated medical malpractice claims liability	<u>214,436</u>	<u>205,845</u>
Total current liabilities	2,907,999	2,717,258
Estimated Medical Malpractice Claims Liability	<u>481,268</u>	<u>516,925</u>
Total Liabilities	<u>3,389,267</u>	<u>3,234,183</u>
Net Assets		
Unrestricted	<u>10,299,750</u>	<u>10,708,861</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,689,017</u>	<u>\$ 13,943,044</u>

The accompanying notes are an integral part of these financial statements.

UNITED SUMMIT CENTER, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2015	2014
Changes in Unrestricted Net Assets		
Unrestricted revenues and support		
Net patient service revenues	\$ 20,696,083	\$ 20,002,441
Federal and state support	4,546,404	4,905,208
County support	61,109	58,199
Other income	321,645	313,596
Total unrestricted revenues and support	<u>25,625,241</u>	<u>25,279,444</u>
Expenses		
Salaries and wages	14,185,061	13,919,538
Contracted labor	676,337	553,175
Employee benefits	5,801,511	5,213,945
Purchased services and fees	243,172	187,701
Travel and registration fees	712,183	674,321
Rent	1,076,279	1,097,368
Medicaid tax	242,865	39,850
Utilities	418,494	435,910
Supplies	689,116	561,087
Depreciation	433,952	516,993
Insurance	87,729	58,724
Maintenance and repairs	389,398	339,624
Provision for bad debts	1,008,843	254,174
Other taxes and licenses	18,044	39,218
Other expenses	50,879	75,750
Total expenses	<u>26,033,863</u>	<u>23,967,378</u>
Operating income (loss)	(408,622)	1,312,066
Other income		
Investment income	<u>(489)</u>	<u>264,107</u>
Increase (decrease) in unrestricted net assets	<u>\$ (409,111)</u>	<u>\$ 1,576,173</u>

The accompanying notes are an integral part of these financial statements.

UNITED SUMMIT CENTER, INC.
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31,

	<u>Unrestricted</u>	<u>Total</u>
Net assets, January 1, 2014	\$ 9,132,688	\$ 9,132,688
Increase in unrestricted net assets for the year ended December 31, 2014	<u>1,576,173</u>	<u>1,576,173</u>
Net assets, December 31, 2014	10,708,861	10,708,861
(Decrease) in unrestricted net assets for the year ended December 31, 2015	<u>(409,111)</u>	<u>(409,111)</u>
Net assets, December 31, 2015	<u>\$ 10,299,750</u>	<u>\$ 10,299,750</u>

The accompanying notes are an integral part of these financial statements.

UNITED SUMMIT CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2015	2014
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (409,111)	\$ 1,576,173
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	433,952	516,993
Net realized and unrealized (gains) on investments	248,964	(52,560)
Provision for uncollectible accounts	1,008,843	254,174
(Decrease) increase in:		
Patient accounts receivable	(1,559,551)	(532,337)
Other receivables	206,400	(541,733)
Deposits	1,973	568
Prepaid expenses	(14,127)	9,819
Increase (decrease) in:		
Accounts payable and accrued expenses	(234,265)	297,620
Salaries and benefits payable	416,415	139,682
Estimated medical malpractice claims liability	(27,066)	(2,230)
Net cash provided by operating activities	<u>72,427</u>	<u>1,666,169</u>
Cash Flows from Investing Activities		
Net (purchases) sales of assets whose use is limited:		
By Board for capital improvements	(210,424)	(164,128)
By Board for self-funded malpractice insurance	77,167	7,866
Acquisition of property and equipment	<u>(259,804)</u>	<u>(178,872)</u>
Net cash (used in) investing activities	<u>(393,061)</u>	<u>(335,134)</u>
Net increase (decrease) in cash and cash equivalents	(320,634)	1,331,035
Cash and cash equivalents - beginning	<u>2,301,650</u>	<u>970,615</u>
Cash and cash equivalents - ending	<u>\$ 1,981,016</u>	<u>\$ 2,301,650</u>

The accompanying notes are an integral part of these financial statements.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

Description of Organization

United Summit Center, Inc. (the Center) is a non-profit West Virginia corporation established for the purpose of providing mental health, mental retardation, and related services to residents of Harrison, Braxton, Doddridge, Lewis, Gilmer, Marion, and Taylor counties. Funding for operations is primarily from grant sources, purchased service contracts with the State of West Virginia, and fees for services provided.

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.

Basis of Presentation

The Center 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.

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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Patient Accounts Receivable

Patient accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful collections is estimated based upon a periodic review of the accounts receivable aging, payer classifications, and application of historical write-off percentages. Effective December 31, 2015, management modified the estimation methodology for the allowance for doubtful collections. The change in estimation methodology resulted in an increase of \$325,000 in the allowance for doubtful collections and the provision for bad debts.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

A significant concentration of net patient receivables at December 31, 2015 and 2014, includes amounts receivable for the Medicaid programs, 70% and 63%, respectively. Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Assets Whose Use is Limited

Assets whose use is limited include assets set aside by the Board of Directors (the Board) for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes. It also includes assets held by trustee for future self-funded malpractice insurance claims.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Cash and cash equivalents are carried at cost which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues (less than) in excess of expenses unless the income or loss is restricted by donor or law.

Land, Property and Equipment

Land, property and equipment acquired by the Center are considered to be owned by the Center. However, funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The funding sources have a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life greater than one year. Accordingly, the Center capitalizes all expenditures for fixed assets acquired with grant funds which have a cost of \$1,000 or more and an estimated useful life greater than one year. Computers, cell phones, tablets, and other hand-held electronic devices purchased with grant funds are capitalized regardless of cost as required by the granting agency.

The Center follows the practice of capitalizing, at cost, all expenditures for fixed assets acquired with Center funds in excess of \$5,000. Depreciation is computed on a straight-line basis over the useful lives of the assets.

Net Patient Service Revenue

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted, as necessary, in future periods as tentative and final settlements are received. It is reasonably possible that the estimates used could change in the near term.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

Charity Care

The Center 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 Center does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenues.

The amount of estimated charity care costs for the years ended December 31, 2015 and 2014 were \$1,013,000 and \$1,312,000, respectively. The estimated costs were calculated based upon a ratio of cost to gross charges, and then multiplying that ratio by the provision for charity care (forgone charity care revenue).

Income Taxes

The United Summit Center, Inc. is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code.

The Center accounts for uncertainty in income taxes using a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2015 and 2014.

All required federal information returns for the Center have been filed up to, and including the tax year ended December 31, 2014. The Center's federal information returns for 2012, 2013 and 2014 remain subject to examination by the Internal Revenue Service.

Effective June 1, 1993, the legislature of the State of West Virginia enacted a broad-based healthcare related tax. This tax is based upon net patient service revenues of certain types of healthcare providers. The Center recognized expenses of approximately \$242,865 in 2015 and \$39,850 in 2014 related to this tax.

2. Deposits

The Center's deposits are categorized to give an indication of the level of risk assumed by the Center at December 31, 2015 and 2014. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the Center or its agent in the Center's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Center's name.

Category 3 - Uncollateralized.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

	2015				
	<u>Bank Balance</u>	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ 300
Checking	<u>2,131,552</u>	<u>250,000</u>	<u>1,881,552</u>	<u>-</u>	<u>1,980,716</u>
Total cash	<u>\$ 2,131,552</u>	<u>\$ 250,000</u>	<u>\$ 1,881,552</u>	<u>\$ -</u>	<u>\$ 1,981,016</u>

	2014				
	<u>Bank Balance</u>	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ 1,150
Checking	<u>2,405,262</u>	<u>250,000</u>	<u>2,155,262</u>	<u>-</u>	<u>2,300,500</u>
Total cash	<u>\$ 2,405,262</u>	<u>\$ 250,000</u>	<u>\$ 2,155,262</u>	<u>\$ -</u>	<u>\$ 2,301,650</u>

3. Other Receivables

Other receivables consist of the following at December 31,:

	2015	2014
Grant receivable	\$ 1,237,115	\$ 1,448,560
Investment income receivable	-	7
Various	<u>13,533</u>	<u>8,481</u>
Total other receivables	<u>\$ 1,250,648</u>	<u>\$ 1,457,048</u>

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

4. Investments

Assets Whose Use is Limited

The composition of assets whose use is limited, stated at fair value, at December 31, 2015 and 2014, is set forth below.

	2015	2014
Board-designated funds:		
Funded depreciation		
Cash and cash equivalents	\$ 318,721	\$ 280,379
Mutual funds		
US fixed income	1,765,917	1,800,518
US large cap equity	1,121,885	1,190,729
US mid cap equity	245,426	250,230
International equity	461,658	401,033
Total Board-designated funds	<u>3,913,607</u>	<u>3,922,889</u>
Trustee-held funds:		
Cash and cash equivalents	108,152	99,894
Equity securities		
US large cap	197,056	219,102
Mutual funds		
US fixed income	377,415	400,717
US large cap equity	-	-
US mid cap equity	49,507	59,751
US small cap equity	4,071	4,690
International equity	156,557	197,092
Alternative investments	36,498	51,610
Total trustee-held funds	<u>929,256</u>	<u>1,032,856</u>
Total Assets Whose Use is Limited	<u>\$ 4,842,863</u>	<u>\$ 4,955,745</u>

The trustee-held funds are part of a pooled investment with the Hospital to cover future self-funded malpractice insurance claims.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

Long-Term Investments

The composition of long-term investments at December 31, 2015 and 2014 is set forth below.

	2015	2014
Equity Securities		
Financial	<u>\$ 18,262</u>	<u>\$ 21,088</u>

Investment income and gains for assets whose use is limited, cash equivalents, and long-term investments are comprised of the following for the years ending December 31, 2015 and 2014:

	2015	2014
Income:		
Interest and dividend income	\$ 248,475	\$ 211,547
Realized gains	230,368	80,280
Unrealized (losses) gains	<u>(479,332)</u>	<u>(27,720)</u>
	<u>\$ (489)</u>	<u>\$ 264,107</u>

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2. Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Cash and cash equivalents: these investments are carried at cost which approximates fair value.

Equity securities: the fair value of these investments are based on quoted market prices

Mutual funds: Valued at the net asset value of shares held, which approximates fair value.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

Fair value of assets and liabilities are measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	<u>Assets at Fair Values as of December 31, 2015</u>			
	Level 1	Level 2	Level 3	Total
Assets whose use is limited				
Cash and cash equivalents	\$ 426,873	\$ -	\$ -	\$ 426,873
Equity securities				
US large cap	197,056	-	-	197,056
Mutual funds				
US fixed income	2,143,332	-	-	2,143,332
US large cap equity	1,121,885	-	-	1,121,885
US mid cap equity	294,933	-	-	294,933
US small cap equity	4,071	-	-	4,071
International equity	618,215	-	-	618,215
Alternative investments	36,498	-	-	36,498
Total assets whose use is limited	4,842,863	-	-	4,842,863
Long-term investments				
Equity securities - financial	18,262	-	-	18,262
Total	<u>\$ 4,861,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,861,125</u>
	<u>Assets at Fair Values as of December 31, 2014</u>			
	Level 1	Level 2	Level 3	Total
Assets whose use is limited				
Cash and cash equivalents	\$ 380,273	\$ -	\$ -	\$ 380,273
Equity securities				
US large cap	219,102	-	-	219,102
Mutual funds				
US fixed income	2,201,235	-	-	2,201,235
US large cap equity	1,190,729	-	-	1,190,729
US mid cap equity	309,981	-	-	309,981
US small cap equity	4,690	-	-	4,690
International equity	598,125	-	-	598,125
Alternative investments	51,610	-	-	51,610
Total assets whose use is limited	4,955,745	-	-	4,955,745
Long-term investments				
Equity securities - financial	21,088	-	-	21,088
Total	<u>\$ 4,976,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,976,833</u>

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

6. Land, Property and Equipment

The following is a summary of land, property and equipment at December 31,:

	2015	2014
Land	\$ 85,096	\$ 85,096
Buildings	35,962	35,962
Leasehold improvements	2,282,836	2,282,836
Furniture and fixtures	556,028	556,028
Equipment	<u>3,191,795</u>	<u>2,931,990</u>
	6,151,717	5,891,912
Less: Accumulated depreciation	<u>(4,423,888)</u>	<u>(3,989,936)</u>
Total	<u>\$ 1,727,829</u>	<u>\$ 1,901,976</u>

Depreciation expense for the years ended December 31, 2015 and 2014 amounted to \$433,952 and \$516,993, respectively.

7. Net Patient Service Revenues

The following is a summary of net patient service revenues for the years ended December 31,:

	2015	2014
General patient revenues	\$ 34,774,821	\$ 33,819,165
Less: Provision for charity care	<u>(1,302,302)</u>	<u>(1,831,793)</u>
Gross patient revenues	33,472,519	31,987,372
Less: Provision for contractual allowance	<u>(12,776,436)</u>	<u>(11,984,931)</u>
Net patient service revenues	<u>\$ 20,696,083</u>	<u>\$ 20,002,441</u>

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The Center has agreements with third-party payers that provide for payments to the Center at amounts different from its established rates. A significant portion of the Center's net patient service revenues is derived from these third-party payer programs. A summary of the principal payment arrangements with major third-party payers follows:

Medicaid

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid on a published fee schedule.

Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Net patient service revenue from Medicaid programs accounted for approximately 86% and 88%, respectively, of the Center's net patient service revenue for 2015 and 2014. Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

8. **Operating Leases**

The Center has various leases for equipment and buildings which are classified as operating leases. Total rent expense for the year ended December 31, 2015 and 2014 for these operating leases amounted to \$902,898 and \$752,444, respectively. Future minimum lease payments under the operating leases are as follows:

2016		\$ 562,098
2017		393,104
2018		319,296
2019		277,912
2020		258,786
Thereafter		<u>514,161</u>
Total		<u>\$ 2,325,357</u>

The Center also entered into an agreement with the West Virginia Department of Health and Human Resources in which the Center is allowed to occupy the building known as 6 Hospital Plaza, Clarksburg, WV 26301 as long as it operates a Community Based Mental Health facility for the use and treatment of persons who have mental health needs and for no other purpose. The Center also has to remain in compliance with certain grant provisions.

Management has determined that the agreement constitutes an exchange transaction in accordance with ASC 958-605-55; therefore, \$180,000 is reflected on the Statement of Operations for 2015 and 2014 as Other Income and Rent Expense representing the fair value of the use of the property.

9. **Defined Contribution Plan**

The United Summit Center sponsors a defined contribution plan which covers substantially all employees. The employees may make tax deferred contributions to the plan. Under the plan, the Center contributes 2% of base compensation that a participant contributes to the plan. Employer match pension expense for 2015 and 2014 was \$181,530 and \$201,116, respectively.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

10. Related Entities

United Hospital Center, Inc. (the Hospital) is the parent corporation to United Summit Center, Inc. The Hospital approves the majority of Center's board appointments. The existence of this relationship could result in changes in net assets or financial position of United Summit Center, Inc. that are significantly different from those that would have been obtained if the organizations were autonomous. Also, the Center's financial statements are included in the consolidated financial statements of West Virginia United Health System (WVUHS), the parent corporation of the Hospital.

The Hospital acquired assets on behalf of the Center in November 1996 for \$323,505. Further equity contributions from the Hospital to the Center for the period November 1, 1996 to December 31, 1997, amounted to \$800,000. No equity contributions were made to Center by Hospital for the years ended December 31, 2015 and 2014.

The Center's Executive Director is appointed by and an employee of the Hospital. The Center reimbursed the Hospital for his services which amounted to \$230,557 and \$171,719 for 2015 and 2014, respectively. The Hospital also leases facilities to the Center. The Center paid \$144,046 and \$139,163 in 2015 and 2014, respectively, pursuant to the lease agreements.

11. Medical Malpractice Claims Coverage

The Center participates in a self-insurance program for medical malpractice insurance and general liability insurance with the Hospital. The program requires the Center to deposit funds held in trust, based upon actuarial calculations, sufficient to cover estimated claims.

The Center's estimated future payments of its allocated asserted and unasserted general and medical malpractice claims liabilities under the self-insurance program were \$695,704 and \$722,770 at December 31, 2015 and 2014, respectively. These estimates are based upon actuarially determined estimates of the ultimate costs for known reported claims and claims incurred but not reported under the self-insurance program. The discount rate used in determining the liabilities was 3.5% at December 31, 2015 and 2014.

The Center believes it has adequate self-insurance and insurance coverages and accruals for all asserted claims and it has no knowledge of unasserted claims which would exceed its self-insurance and insurance coverages and accruals.

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

12. Workers' Compensation Claims Coverage

The Center participates in the WVUHS pool for its workers compensation coverage. The WVUHS pool's workers' compensation policies provide statutory workers' compensation limits of liability to its participants. WVUHS was required to establish a loss fund with both insurers and to provide a letter of credit to secure the deductible obligation. The two letters of credit total \$5,485,000 and are automatically renewed by the bank every July 1st unless notified 90 days prior to the renewal date.

The loss fund is drawn on by the insurer and replenished by WVUHS on request by the insurer with a guideline that the fund shall have a balance of approximately 2 ½ months of average claims payments. The Center's estimated allocation of payments of workers' compensation claims liability, included in salaries and benefits payable on the balance sheet, was \$280,417 and \$186,428 at December 31, 2015 and 2014, respectively.

13. Health Insurance Benefits

The Center self-insures its employee health insurance coverage under an arrangement using contract administrators. The Center also participates in the WVUHS pool for its stop-loss insurance coverage. The Center pays premiums to the pool which is used to obtain external stop loss coverage and to pay individual claims incurred in excess of set amounts during a calendar year.

The Center accrues the estimated costs of incurred and reported and incurred but not recorded claims, after consideration of its individual and aggregate stop-loss insurance coverage, based upon data provided by the third-party administrators of the programs and its historical claims experience. The Center's estimated claims liability, included in salaries and benefits payable on the balance sheet, was \$537,640 and \$437,000 at December 31, 2015 and 2014, respectively.

14. Functional Expenses

The Center provides mental health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2015	2014
Mental health care services	\$ 19,965,844	\$ 18,625,487
Management and general	<u>6,068,019</u>	<u>5,341,891</u>
	<u>\$ 26,033,863</u>	<u>\$ 23,967,378</u>

UNITED SUMMIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD)

15. Litigation

The Center is a party to various legal actions arising in the ordinary course of its services. In management's opinion, the Center has adequate legal defenses and/or external or self-insurance coverage respecting each of these actions and does not believe that this will materially affect the Center's operations or financial position. However, the Center is aware of unasserted claims, which could have a material impact on the Centers operations or financial position. All settlements from legal actions in 2015 and 2014 were paid by the Center's self-insurance program.

16. Financial Instruments

Concentration of Credit Risk Due to Patient Accounts Receivable

Financial instruments that potentially subject the Center to concentrations of credit risk consists principally patient accounts receivable.

The Center grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements, primarily with Medicare, Medicaid, and various commercial insurance companies. The Center maintains allowances for potential credit losses and such losses have historically been within management's expectations.

16. Loss Contingency

In 2013, the Center was notified by the West Virginia Department of Health and Human Resources that \$171,678 in reimbursed costs it received under the Medicaid Aged and Disabled Waiver program were disallowed and should be repaid. In accordance with ASC 450-20-30-1, when a loss is probable and reasonably estimable, it requires an accrual. Management has conservatively rounded the estimate of the liability up to \$175,000 to allow for any additional cost related to the dispute. In 2015, the Center received notification of an overpayment from the Department of Health and Human Resources of \$30,554. The total of both is \$205,554 and is reported on the accompanying Balance Sheet as accounts payable and accrued expenses. The Center has requested that the Bureau of Medical Services perform desk reviews of the assessments for the contended items; however, management has not received any correspondence through the date of the financial statements regarding the requests.

17. Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through March 12, 2016, the date which the financial statements were available to be issued.

SUPPLEMENTARY SCHEDULES

UNITED SUMMIT CENTER, INC.
 CUMULATIVE SCHEDULE OF PROPERTY AND EQUIPMENT
 PURCHASED WITH BHHF - ADMINISTERED FUNDING
 DECEMBER 31, 2015

<u>Description of Equipment</u>	<u>Vendor Name</u>	<u>Vendor Identification Number</u>	<u>Provider Identification Number</u>	<u>Date of Acquisition</u>	<u>Cost</u>	<u>State Account Number</u>
(2) Video Cameras & Tripods	Champion Industries	0046	97520	6/30/1997	\$ 1,477	8793-1997-2885-096-252 8793-1997-2886-096-252 8793-1997-2892-096-252
(2) Desk, File Cabinet, Bookshelf	H.L. Heaster, Inc.	0017	97520	6/30/1998	1,505	8793-1998-2885-096-252
1998 Ford Paratransit Shuttle Bus	WV Trans. Sales, Inc.	0411	97520	6/26/1998	41,638	8793-1998-2892-096-252
Storage Building	Timberline Construction	0438	97520	6/30/1999	8,500	8793-1999-2892-096-252-03087
(3) Netservers & accessories	Insight	0385	97520	6/30/2001	4,037	8793-2005-2885-096-128-05287
	Insight	0385	97520	6/30/2001	4,038	8794-2005-2852-096-128-05286
Beds and mattresses	Mattress Warehouse	HCC	97520	4/4/2005	1,153	0525-2005-3448-219-258-6885
Bedroom furniture sets	Grandmas House Furn	SF	97520	5/11/2005	1,800	0525-2005-3448-219-258-6885
Building renovations	High Country Contractors	HCC	97520	5/1/2005	79,130	0525-2006-2890-219-252/258
Home furnishings	Star Furnitures	SF	97520	6/26/2005	2,146	0525-2005-3448-219-258-6885
Building renovations	High Country Contractors	HCC	97520	7/26/2005	37,015	0525-2005-2890-219-252-06958
	High Country Contractors	HCC	97520	9/12/2005	6,942	0525-2005-2890-219-252-06958
	High Country Contractors	HCC	97520	9/12/2005	11,461	0525-2006-2890-219-252-06958
	High Country Contractors	HCC	97520	10/26/2005	8,592	0525-2006-2890-219-252-06958
	High Country Contractors	HCC	97520	12/29/2005	16,329	0525-2006-2890-219-252-06958
	High Country Contractors	HCC	97520	2/7/2006	13,972	0525-2005-2890-219-252-06858
	Cullison Communications	Cul Com	97520	2/20/2006	7,434	0525-2005-2890-219-252-06958
	American Fence Company	AFC	97520	3/16/2006	5,485	0525-2005-2890-219-252-06958
Master Key/Lock System	Key Lock	KL	97520	3/18/2006	2,792	0525-2005-2890-219-252-06958
Building Renovations	High Country Contractors	HCC	97520	4/5/2006	8,037	0525-2005-2890-219-252-06958
Computers (3) and Accessories	Insight	0385	97520	9/7/2007	3,093	8794-2007-2852-096-128-12989
Building renovations	WYK Associates	0286	97520	5/31/2012	28,100	0525-2012-2890-219-252
	OMNI Associates	0991	97520	6/29/2012	30,000	0525-2012-2890-219-253
	United Hospital Center	UHC	97520	6/30/2012	300,000	0525-2012-2890-219-254
Vehicle	Harry Green Chevrolet, Inc.	HA1061	682	6/30/2015	25,000	2015-0525-0506-3115-21900-3206-3949-12426
Computer Equipment	PC Connection	PC CON	683	9/1/2015	3,929	2015-0506-2916-13000-3285-0000
Computer & Audio/Visual Equipment	PC Connection	PC CON	684	9/30/2015	46,902	8793-0000-2016-0506-2892-13000-3285-0000
	Sam's Club	SAM369				
	Sears	SEARS				
Computer Equipment	PC Connection	PC CON	689	11/2/2015	904	2015-0525-0506-2867-21900-3256-0000
Computer Equipment	PC Connection	PC CON	692	12/18/2015	3,183	5207-0000-2016-0506-2884-09900-3256-0000
					<u>\$ 704,594</u>	

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

2015

FOR STATE FISCAL YEAR-END JUNE 30, 2015

<u>Grant Name</u>	<u>Account Number</u>	<u>Amount of Award</u>	<u>Earned & Billed Through Period End</u>	<u>Not Earned But Billed Through Period End</u>	<u>Not Billed Through Period End</u>	<u>Collected</u>
Clinical Outreach Services Liaison	2015-0525-0506-2919-21900-3206-3950-13126	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ 60,000
Core Services - Harrison County	2015-0525-0506-2851-21900-3206-3950	398,902	398,902	-	-	398,902
Core Services - Lewis County	2015-0525-0506-2851-21900-3206-3950	84,177	84,177	-	-	84,177
Core Services - Braxton County	2015-0525-0506-2851-21900-3206-3950	84,177	84,177	-	-	84,177
Core Services - Gilmer County	2015-0525-0506-2851-21900-3206-3950	84,177	84,177	-	-	84,177
Day Support - Hartley	2015-0525-0506-3744-21900-3206-3950-12426	161,927	161,927	-	-	161,927
Out of Home Service - Hartley Group Home - Adamston	2015-0525-0506-3115-21900-3206-3950-12426	497,779	497,779	-	-	497,779
Bob Mays Center	2015-0525-0506-3743-21900-3206-3950-13119	735,799	735,799	-	-	735,799
Bob Mays Center	2014-0525-0506-3743-21900-3950-12426	183,950	183,950	-	-	183,950
IOP - Co-Occurring Adult	2015-0525-0506-3746-21900-3206-3949-12426	133,340	133,340	-	-	133,340
IOP - Co-Occurring Adult	2014-0525-0506-3746-21900-3206-3950-12426	33,335	33,335	-	-	33,335
Complex Support Services	2015-0525-0506-2877-21900-3206-3950-13115	54,001	54,001	-	-	54,001
Crisis Stabilization Services (CSU)	2015-0525-0506-3246-21900-3206-3950-13119	785,417	785,417	-	-	785,417
Recovery Housing	2015-0525-0506-2888-21900-3206-3950-13123	439,772	439,772	-	-	439,772
Recovery Housing	2014-0525-0506-2888-21900-3206-3950-13123	113,253	113,253	-	-	113,253
Supportive Living Program (SLP)	2015-0525-0506-3041-21900-3206-3949-1311	848,808	848,808	-	-	848,808
Community Engagement Specialists	2015-0525-0506-3701-21900-3206-3950	151,970	151,970	-	-	151,970
Family & Community Support	2015-0525-0506-2869-21900-3206-3950	80,000	80,000	-	-	80,000
Regional Youth Service Center	2015-8793-0506-2892-13000-3285-0000	140,000	140,000	-	-	140,000
Regional Youth Service Center	2016-8793-0506-2892-13000-3285-0000	70,000	70,000	-	-	70,000
Youth Suicide Prevention	2015-8723-0506-2916-13000-3285-0000	42,500	42,500	-	-	42,500
Substance Abuse Adult	2013-0525-0506-2884-21900-3206-3949-13125	72,130	72,130	-	-	72,130
Substance Abuse Adult	2013-0525-0506-2851-21900-3206-3949-13125	5,894	5,894	-	-	5,894
Substance Abuse Adult	2015-8793-0506-2884-13000-3285-0000	78,024	78,024	-	-	78,024
		<u>\$ 5,339,332</u>	<u>\$ 5,339,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,339,332</u>

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONTD)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

2015

FOR STATE FISCAL YEAR-END JUNE 30, 2016

<u>Grant Name</u>	<u>Account Number</u>	<u>Amount of Award</u>	<u>Earned & Billed Through Period End</u>	<u>Not Earned But Billed Through Period End</u>	<u>Not Billed Through Period End</u>	<u>Collected</u>
Clinical Outreach Services Liaison	2015-0525-0506-2916-21900-3256-0000-13140	\$ 60,000	\$ 32,488	\$ -	\$ 27,512	\$ 21,635
Continuum Enhancement - Harrison County	2016-0525-0506-2851-21900-3256-0000-13144	464,415	225,186	-	239,229	-
Continuum Enhancement - Lewis County	2016-0525-0506-2851-21900-3256-0000-13144	98,797	46,397	-	52,400	-
Continuum Enhancement - Braxton County	2016-0525-0506-2851-21900-3256-0000-13144	93,747	44,044	-	49,703	-
Continuum Enhancement - Gilmer County	2016-0525-0506-2851-21900-3256-0000-13144	93,747	44,044	-	49,703	-
Continuum Enhancement - Doddridge County	2016-0525-0506-2851-21900-3256-0000-13144	44,606	20,957	-	23,649	-
Day Support - Hartley	2014-0525-0506-3744-21900-3256-0000	218,090	89,824	-	128,266	-
Hartley Group Home - Adamston	2015-0525-0506-3115-21900-3256-0000	399,850	171,372	-	228,478	-
Hartley Group Home - Pike Street	2015-0525-0506-3115-21900-3256-0000	387,075	209,804	-	177,271	-
DD Crisis Response Services Program	2013-0525-0506-3042-21900-3256-0000-13112	136,592	-	-	136,592	-
Complex Support Services	2015-0525-0506-2870-21900-3256-0000-13115	63,800	35,847	-	27,953	18,005
Justice Reinvestment - IOP	2016-5207-0506-2884-09900-3256-0000	109,000	3,906	-	105,094	-
Justice Reinvestment - CES	2016-5207-3701-09900-3256-0000	45,000	2,376	-	42,624	-
Justice Reinvestment - Peer Coach	2016-5207-3701-09900-3256-0000	35,000	2,289	-	32,711	-
SA Residential Services - Bob Mays	2016-0525-0506-2891-21900-3256-0000-13139	739,700	172,788	-	566,912	-
SA Residential Services - John D. Good	2016-0525-0506-2891-21900-3256-0000-13139	739,700	123,482	-	616,218	-
Regional Youth Service Center	2016-8793-0506-2892-13000-3285-0000	210,000	13,887	-	196,113	-
Regional Youth Service Center	2017-8793-0506-2892-13000-3285-0000	70,000	-	-	70,000	-
Peer Coach - Substance Abuse	2013-0525-0506-2888-35400-3256-0000	52,500	-	-	52,500	-
Community Engagement Specialists - Harrison County	2016-0525-0506-3701-21900-3256-0000	199,361	96,249	-	103,112	67,215
Community Engagement Specialists - Lewis County	2016-0525-0506-3701-21900-3256-0000	31,529	15,220	-	16,309	10,629
Community Engagement Specialists - Braxton County	2016-0525-0506-3701-21900-3256-0000	3,938	1,895	-	2,043	1,323
Community Engagement Specialists - Gilmer County	2016-0525-0506-3701-21900-3256-0000	3,938	1,895	-	2,043	1,323
Community Engagement Specialists - Doddridge County	2016-0525-0506-3701-21900-3256-0000	5,234	2,535	-	2,699	1,769
Family & Community Support	2015-0525-0506-2867-21900-3256-0000	160,000	55,147	11,525	93,328	66,672
Youth Suicide Prevention	2016-8723-0506-2916-13000-3285-0000	31,875	14,054	-	17,821	-
Youth Suicide Prevention	2017-8723-0506-2916-13000-3285-0000	10,625	-	-	10,625	-
		<u>\$ 4,508,119</u>	<u>\$ 1,425,686</u>	<u>\$ 11,525</u>	<u>\$ 3,070,908</u>	<u>\$ 188,571</u>

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONTD)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

2014

FOR STATE FISCAL YEAR-END JUNE 30, 2014

<u>Grant Name</u>	<u>Account Number</u>	<u>Amount of Award</u>	<u>Earned & Billed Through Period End</u>	<u>Not Earned But Billed Through Period End</u>	<u>Not Billed Through Period End</u>	<u>Collected</u>
Clinical Outreach Services Liaison	0525-2014-2919-219-258-13126	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ 60,000
Core Services - Harrison County	0525-2014-2851-219-258	398,902	398,902	-	-	398,902
Core Services - Lewis County	0525-2014-2851-219-258	84,177	84,177	-	-	84,177
Core Services - Braxton County	0525-2014-2851-219-258	84,177	84,177	-	-	84,177
Core Services - Gilmer County	0525-2014-2851-219-258	84,177	84,177	-	-	84,177
Care Coordination Harrison County	0525-2014-3701-219-258-12426	41,904	41,904	-	-	41,904
Care Coordination	0525-2014-3701-219-258	268,601	268,601	-	-	268,601
Care Coordination Support	0525-2014-3701-219-258	16,890	16,890	-	-	16,890
Indigent Care	0525-2009-3065-219-258	91,370	91,370	-	-	91,370
Indigent Care	0525-2012-3065-219-258	356,370	356,370	-	-	356,370
Family Support	0525-2014-2867-221-258	84,187	84,187	-	-	84,187
Day Programs Hartley	0525-2014-3744-219-258-12426	218,090	218,090	-	-	218,090
Out of Home Service	0525-2014-2891-219-258-12426	508,906	508,906	-	-	508,906
Hartley SA Residential	N/A	735,799	735,799	-	-	735,799
Co-Occurring	0525-2012-3746-219-258-12426	133,340	133,340	-	-	133,340
Public Inebriate Shelter	0525-2014-2885-219-258	49,500	49,500	-	-	49,500
Special Needs Project - TP	0525-2014-2877-219-258-13115	54,001	54,001	-	-	54,001
Detox/Stabilization Service	0525-2014-3426-219-258-13119	859,834	859,834	-	-	859,834
Recovery Housing	0525-2014-2888-219-258-13123	325,614	325,614	-	-	325,614
Supportive Living Program(SLP1)	0525-2014-3041-219-258-13111	663,000	663,000	-	-	663,000
Supportive Living Program(SLP1)	0525-2014-2877-219-258-13111	185,808	185,808	-	-	185,808
Substance Abuse Outpatient Services	8793-2015-2884-130-128-21477	191,887	191,887	-	-	191,887
Substance Abuse Adolescent Services	8793-2014-2892-130-128	35,839	35,839	-	-	35,839
Disaster Preparedness	8802-2014-0506-3062-13000-3285-0000	4,000	4,000	-	-	4,000
		<u>\$ 5,536,373</u>	<u>\$ 5,536,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,536,373</u>

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONTD)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

2014

FOR STATE FISCAL YEAR-END JUNE 30, 2015

<u>Grant Name</u>	<u>Account Number</u>	<u>Amount of Award</u>	<u>Earned & Billed Through Period End</u>	<u>Not Earned But Billed Through Period End</u>	<u>Not Billed Through Period End</u>	<u>Collected</u>
Clinical Outreach Services Liaison	0525-2015-0506-2919-21900-3206-3949-13126	\$ 60,000	\$ 34,072	\$ -	\$ 25,928	\$ 11,344
Core Services - Harrison County	0525-2015-0506-2851-21900-3206-3949	398,902	209,148	-	189,754	77,313
Core Services - Lewis County	0525-2015-0506-2851-21900-3206	84,177	43,044	-	41,133	15,333
Core Services - Braxton County	0525-2015-0506-2851-21900-3206	84,177	43,044	-	41,133	15,333
Core Services - Gilmer County	0525-2015-0506-2851-21900-3206-3949	84,177	43,044	-	41,133	15,333
Day Programs Hartley	0525-2015-3744-21900-3206-3949-12426	218,090	101,225	-	116,865	34,819
Out of Home Service - Hartley Group Home - Adamston	0525-2015-0506-3115-21900-3206-3949-12426	508,906	225,913	-	282,993	78,441
Bob Mays Center	0525-2015-0506-3743-21900-3206-3949-13119	735,799	374,526	-	361,273	118,949
IOP - Co-Occurring Adult	0525-2015-0506-3746-21900-3206-3949-12426	133,340	47,820	-	85,520	19,880
Special Needs Project - TP	0525-2015-0506-2877-21900-3206-3949-13115	54,001	30,979	-	23,022	9,971
Detox/Stabilization Service	0525-2015-0506-3426-21900-3206-3949-13119	725,000	340,396	-	384,604	108,260
Recovery Housing	0525-2015-0506-2888-21900-3206-3949-13123	325,614	233,689	-	91,925	78,517
Supportive Living Program (SLPI)	0525-2015-0506-3041-21900-3206-3949-1311	848,808	479,925	-	368,883	186,561
Substance Abuse Adult	8793-0506-2884-13000-3285-0000	78,024	11,786	-	66,238	-
		<u>\$ 4,339,015</u>	<u>\$ 2,218,611</u>	<u>\$ -</u>	<u>\$ 2,120,404</u>	<u>\$ 770,054</u>

BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
 STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS
 UNITED SUMMIT CENTER

As of 12/31/2015
 (YEAR-TO-DATE)

ASSETS

CURRENT ASSETS:

1.	Cash	1,981,016
2.	Short Term Investments	0
3.	Accounts Receivable - OBHS	298,189
4.	Accounts Receivable - Client	22,566
5.	Accounts Receivable - Medicaid	1,966,762
6.	Accounts Receivable - Medicaid MR/DD Waiver	999,516
7.	Accounts Receivable - Other	470,954
8.	Inventory	0
9.	Prepaid/Other	1,361,060
10.	TOTAL CURRENT ASSETS (Total of lines 1-9)	7,100,063

NON-CURRENT ASSETS:

FIXED ASSETS

11.	Property, Land and Equipment - OBHS	704,594
12.	Less Accumulated Depreciation	(294,066)
13.	Property, Land and Equipment - Other	5,447,123
14.	Less Accumulated Depreciation	(4,129,822)
15.	Total Property, Land and Equipment (NET)	1,727,829

OTHER NON-CURRENT ASSETS

16.	Long-Term Investments	4,861,125
17.	Other	0
18.	TOTAL ASSETS (Total of lines 10, 15, 16 and 17)	13,689,017

LIABILITIES

CURRENT LIABILITIES:

19.	Accounts Payable	123,119
20.	Taxes Payable	65,035
20 A.	Provider Taxes Payable	211,993
21.	Line of Credit - Payable	0
22.	Short-Term Notes Payable	0
23.	Accrued Expenses	2,969,120
24.	Other Current Liabilities	
25.	TOTAL CURRENT LIABILITIES (Total of lines 19 through 24)	3,389,267

LONG-TERM LIABILITIES:

26.	Long-Term Notes Payable	0
27.	Other Long-Term Liabilities	0
28.	TOTAL LIABILITIES (Total of lines 25, 26 and 27)	3,389,267

NET ASSETS

29.	Unrestricted Net Assets	10,299,750
30.	Temporarily Restricted Net Assets	
31.	Permanently Restricted Net Assets	
32.	TOTAL LIABILITIES AND NET ASSETS (Total of lines 28 through 31)	13,689,017

PREPARED BY -- RUSS PLYWACZYNSKI
 Name of Provider: UNITED SUMMIT CENTER

DATE

BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
 STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS
 UNITED SUMMIT CENTER

12/31/2015
 (YEAR-TO-DATE - 12 mos)

REVENUE AND SUPPORT

1.	Charity Care	
1a.	Charity Care - Account 4311.1	495,112
1b.	Charity Care - Account 4311.2	115,408
1c.	Charity Care - Account 4312.1	0
1d.	Charity Care - Account 4312.2	30,737
1e.	Charity Care - Account 4314.1	47,059
1f.	Charity Care - Account 4314.2	0
1g.	Charity Care - Account 4315.1	0
1h.	Contr. Write-Off Account 4337.1	
1i.	Charity Care Revenue - Account 4329	674,165
1j.	Supprt/All Revenue - Account 4358	0
	Total	1,362,511
2.	Gross Client Service Revenue	34,774,822
3.	Contractual Adjustments (Target Funds)	(155,255)
3a.	Contractual Adjustments (Non-Target Funds)	(13,923,484)
5.	Net Client Service Revenue	20,696,083
	Net Client Service Revenue	
6.	Medicaid (Target Funds)	714,967
6a.	Medicaid (Non-Target Funds)	5,946,105
7.	Medicaid MR/DD Waiver (Non-Target Funds)	10,918,418
8.	ICF/MR (Non-Target Funds)	0
9.	Private Pay (Non-Target Funds)	0
9a.	Private Pay (OBHS Target Funds)	495,111
9b.	Private Pay (OBHS Non-Target Funds)	152,524
10.	Other Client Service Revenue (Target Funds)	0
10a.	Other Client Service Revenue (Non-Target Funds)	1,468,958
11.	Total Net Client Service Revenue (Line 11 must agree with line 5)	20,696,083
12.	OBHS Support	4,546,404
13.	Other/Public Support	61,109
14.	Other	321,156
15.	TOTAL REVENUE AND SUPPORT (Total of line 11 through line 14)	25,624,752
	<u>EXPENSES</u>	
16.	Salaries	14,192,388
17.	Fringe Benefits	5,794,184
18.	Contractual Services	676,337
19.	Provider Tax	242,655
19A.	Bad Debts	603,830
19B.	Bad Debts (BHMF Target Funds)	58,986
19C.	Bad Debts (BHMF Non-Target Funds)	346,027
20.	Depreciation Expense	433,952
21.	Other Expenses	3,685,294
22.	TOTAL EXPENSES (Total of line 16 through line 21)	26,033,863
23.	NET INCOME (LOSS) (Line 15 minus line 22)	(409,111)

PREPARED BY -- RUSS PLYWACZYNSKI
 Name of Provider: UNITED SUMMIT CENTER

DATE

UNITED SUMMIT CENTER, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Identifying State Grant Information</u>	<u>Period of Time</u>	<u>Amount of Award</u>	<u>Receipt of Funds</u>	<u>Expenditure of Funds</u>
Grant #G150196	07/01/2014 - 09/30/2015	\$ 4,766,104	\$ 3,928,760	\$ 2,491,986
Grant #G150556	10/01/2014 - 09/30/2015	156,048	156,048	144,262
Grant #G150694	11/01/2014 - 06/30/2015	151,970	151,970	151,970
Grant #G150699	01/01/2015 - 06/30/2015	80,000	80,000	80,000
Grant #G150562	09/30/2014 - 09/29/2015	42,500	42,500	42,500
Grant #G150802	01/01/2015 - 06/30/2015	210,000	210,000	210,000
Grant #G160309	07/01/2015 - 06/30/2016	160,000	66,672	55,147
Grant #G160488	07/01/2015 - 06/30/2016	795,312	-	380,628
Grant #G160376	07/01/2015 - 06/30/2016	60,000	21,635	32,488
Grant #G160461	07/01/2015 - 06/30/2016	244,000	82,259	117,794
Grant #G160416	07/01/2015 - 06/30/2016	189,000	-	8,571
Grant #G160391	07/01/2015 - 06/30/2016	189,000	18,005	35,847
Grant #G160444	07/01/2015 - 06/30/2016	1,005,015	-	471,000
Grant #G160544	09/30/2015 - 09/29/2016	42,500	-	14,054
Grant #G160523	10/01/2015 - 09/30/2016	1,759,400	-	310,157
			<u>\$ 4,757,849</u>	<u>\$ 4,546,404</u>

Note A – Basis of Presentation

The Schedule of State Grant Receipts and Expenditures includes both the federal and state funding portions of the grants.

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OCT 20 2016

Date Received



Tetrick & Bartlett, PLLC

Certified Public Accountants
Consultants

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 and Management
United Summit Center, Inc.
Clarksburg, 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 United Summit Center, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2015, and the related statements of operations, 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 March 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Summit Center, 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 United Summit Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Summit Center, 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 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding and response at item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

We noted certain other matters that we reported to Management of United Summit Center, Inc. in a separate letter dated March 12, 2016.

United Summit Center Inc.'s Response to Findings

United Summit Center, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of finding and response. United Summit Center, 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 Standard* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Letwick + Barclay, PLLC

March 12, 2016

DHHR - Finance

OCT 20 2016

Date Received

UNITED SUMMIT CENTER, INC.
SCHEDULE OF FINDING AND RESPONSE
FOR THE YEAR ENDED DECEMBER 31, 2015

2015-001 - Significant Deficiency - Segregation of Duties

Criteria: Control systems should be implemented to assign different individuals the responsibility for approving, executing and recording transactions in order to properly detect and correct fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse having an effect of the financial statements.

Condition: Control systems have not been implemented to assign different individuals the responsibility for approving, executing and recording transactions.

Cause: Certain individuals have multiple responsibilities for approving, executing and recording the same transactions.

Effect: Because of the failure to segregate duties, the control system could fail to prevent, or detect and correct fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse having an effect on the financial statements.

Recommendation: Responsibilities of approval, executing, recording and custody associated with all financial transactions should be distributed among the accounting staff to the highest degree possible. We recommend that the Board of Directors should remain involved in the financial affairs of the Center to provide oversight and independent review functions.

Entity's Response: The size of the Center's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were larger. The Board believes that complete segregation of duties is not economically feasible; however, to mitigate the effects of this significant deficiency, management will continue to segregate duties to the extent possible.

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OCT 20 2016

Date Received