

UNITED SUMMIT CENTER, INC.

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

DHHR - Finance

FEB 15 2019

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, 2016 and 2015 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, 2016 and 2015, 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 February 28, 2017, 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.

Jetrick + Bartlett, PLLC

Clarksburg, West Virginia
February 28, 2017

DHHR - Finance

FEB 15 2019

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**UNITED SUMMIT CENTER, INC.
BALANCE SHEETS
DECEMBER 31,**

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,043,623	\$ 1,981,016
Patient accounts receivable, net of contractual allowances and allowance for doubtful collections of approximately \$1,608,835 in 2016 and \$1,149,314 in 2015	3,038,653	3,761,079
Other receivables	819,898	1,250,648
Deposits	17,570	17,963
Prepaid expenses	<u>101,706</u>	<u>89,357</u>
Total current assets	<u>8,021,450</u>	<u>7,100,063</u>
Assets Whose Use is Limited		
Board-designated funds:		
Funded depreciation	4,101,976	3,913,607
Malpractice self-insurance, held by trustee	<u>907,707</u>	<u>929,256</u>
Total assets whose use is limited	<u>5,009,683</u>	<u>4,842,863</u>
Long-Term Investments	<u>23,491</u>	<u>18,262</u>
Land, Property and Equipment (net)	<u>1,949,135</u>	<u>1,727,829</u>
TOTAL ASSETS	<u>\$ 15,003,759</u>	<u>\$ 13,689,017</u>

	2016	2015
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 966,581	\$ 622,267
Salaries and benefits payable	2,132,999	2,071,296
Current portion of estimated medical malpractice claims liability	<u>198,857</u>	<u>214,436</u>
Total current liabilities	3,298,437	2,907,999
Estimated Medical Malpractice Claims Liability	<u>488,929</u>	<u>481,268</u>
Total Liabilities	<u>3,787,366</u>	<u>3,389,267</u>
Net Assets		
Unrestricted	<u>11,216,393</u>	<u>10,299,750</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,003,759</u>	<u>\$ 13,689,017</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,**

	2016	2015
Changes in Unrestricted Net Assets		
Unrestricted revenues and support		
Patient service revenues (net of contractual allowances and discounts)	\$ 19,781,869	\$ 20,696,083
Provision for bad debts	<u>(446,586)</u>	<u>(1,008,843)</u>
Net patient service revenues	19,335,283	19,687,240
Federal and state support	5,166,006	4,546,404
County support	64,164	61,109
Other income	<u>284,718</u>	<u>321,645</u>
Total unrestricted revenues and support	<u>24,850,171</u>	<u>24,616,398</u>
Expenses		
Salaries and wages	14,772,839	14,185,061
Contracted labor	715,902	676,337
Employee benefits	3,950,031	5,801,511
Purchased services and fees	355,146	243,172
Travel and registration fees	750,896	712,183
Rent	1,135,798	1,076,279
Medicaid tax	63,626	242,865
Utilities	387,862	418,494
Supplies	898,772	689,116
Depreciation	441,260	433,952
Insurance	80,822	87,729
Maintenance and repairs	520,032	389,398
Other taxes and licenses	10,724	18,044
Other expenses	<u>103,639</u>	<u>50,879</u>
Total expenses	<u>24,187,349</u>	<u>25,025,020</u>
Operating income (loss)	662,822	(408,622)
Other income		
Investment income	<u>253,821</u>	<u>(489)</u>
Increase (decrease) in unrestricted net assets	<u>\$ 916,643</u>	<u>\$ (409,111)</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, 2015	\$ 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	10,299,750	10,299,750
Increase in unrestricted net assets for the year ended December 31, 2016	<u>916,643</u>	<u>916,643</u>
Net assets, December 31, 2016	<u>\$ 11,216,393</u>	<u>\$ 11,216,393</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,**

	2016	2015
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 916,643	\$ (409,111)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	441,260	433,952
Net realized and unrealized (gains) on investments	(110,826)	248,964
Provision for bad debts	446,586	1,008,843
(Decrease) increase in:		
Patient accounts receivable	275,840	(1,559,551)
Other receivables	430,750	206,400
Deposits	393	1,973
Prepaid expenses	(12,349)	(14,127)
Increase (decrease) in:		
Accounts payable and accrued expenses	344,314	(234,265)
Salaries and benefits payable	61,703	416,415
Estimated medical malpractice claims liability	(7,918)	(27,066)
Net cash provided by operating activities	<u>2,786,396</u>	<u>72,427</u>
Cash Flows from Investing Activities		
Net (purchases) sales of assets whose use is limited:		
By Board for capital improvements	(102,703)	(210,424)
By Board for self-funded malpractice insurance	41,480	77,167
Acquisition of property and equipment	<u>(662,566)</u>	<u>(259,804)</u>
Net cash (used in) investing activities	<u>(723,789)</u>	<u>(393,061)</u>
Net increase (decrease) in cash and cash equivalents	2,062,607	(320,634)
Cash and cash equivalents - beginning	<u>1,981,016</u>	<u>2,301,650</u>
Cash and cash equivalents - ending	<u>\$ 4,043,623</u>	<u>\$ 1,981,016</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, Taylor, Preston, Monongalia, and Barbour 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.

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

A significant concentration of net patient receivables at December 31, 2016 and 2015, includes amounts receivable for the Medicaid programs, 59% and 70%, 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 \$2,000 for an individual item and \$5,000 for a group of like items with an individual cost of less than \$2,000 each. 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 (CONT'D)**

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, 2016 and 2015 were \$1,105,000 and \$1,013,000, 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 2016 and 2015.

All required federal information returns for the Center have been filed up to, and including the tax year ended December 31, 2015. The Center's federal information returns for 2013, 2014 and 2015 remain subject to examination by the Internal Revenue Service.

Effective June 1, 2016, the legislature of the State of West Virginia terminated the healthcare severance tax. This tax is an excise tax on behavioral health services that provide for the care and treatment of persons with mental illness, mental retardation, developmental disabilities or alcohol or drug abuse problems. The Center recognized expenses of approximately \$63,626 in 2016 and \$242,865 in 2015 related to this tax.

Reclassifications

Certain reclassifications were made to the 2015 financial statements to conform to the 2016 presentation.

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

2. Deposits

The Center's deposits are categorized to give an indication of the level of risk assumed by the Center at December 31, 2016 and 2015. 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.

	2016				
	<u>Bank Balance</u>	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ 300
Checking	<u>4,214,030</u>	<u>250,000</u>	<u>3,964,030</u>	<u>-</u>	<u>4,043,323</u>
Total cash	<u>\$ 4,214,030</u>	<u>\$ 250,000</u>	<u>\$ 3,964,030</u>	<u>\$ -</u>	<u>\$ 4,043,623</u>

	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>

3. Other Receivables

Other receivables consist of the following at December 31,:

	2016	2015
Grant receivable	\$ 810,533	\$ 1,237,115
Various	<u>9,365</u>	<u>13,533</u>
Total other receivables	<u>\$ 819,898</u>	<u>\$ 1,250,648</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, 2016 and 2015, is set forth below.

	2016	2015
Board-designated funds:		
Funded depreciation		
Cash and cash equivalents	\$ 233,439	\$ 318,721
Mutual funds		
US fixed income	2,101,339	1,765,917
US large cap equity	1,153,960	1,121,885
US mid cap equity	179,493	245,426
International equity	<u>433,745</u>	<u>461,658</u>
Total Board-designated funds	<u>4,101,976</u>	<u>3,913,607</u>
Trustee-held funds:		
Cash and cash equivalents	58,200	108,152
Equity securities		
US large cap	185,618	197,056
Mutual funds		
US fixed income	393,437	377,415
International fix income	34,134	-
US mid cap equity	33,278	49,507
US small cap equity	-	4,071
International equity	162,199	156,557
Alternative investments	<u>40,841</u>	<u>36,498</u>
Total trustee-held funds	<u>907,707</u>	<u>929,256</u>
Total Assets Whose Use is Limited	<u>\$ 5,009,683</u>	<u>\$ 4,842,863</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, 2016 and 2015 is set forth below.

	2016	2015
Equity Securities		
Financial	<u>\$ 23,491</u>	<u>\$ 18,262</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, 2016 and 2015:

	2016	2015
Income:		
Interest and dividend income	\$ 142,995	\$ 248,475
Realized (losses) gains	(11,632)	230,368
Unrealized (losses) gains	<u>122,458</u>	<u>(479,332)</u>
	<u>\$ 253,821</u>	<u>\$ (489)</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 (CONTD)

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, 2016 and 2015.

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, 2016 and 2015 are as follows:

	<u>Assets at Fair Values as of December 31, 2016</u>			
	Level 1	Level 2	Level 3	Total
Assets whose use is limited				
Cash and cash equivalents	\$ 291,639	\$ -	\$ -	\$ 291,639
Equity securities				
US large cap	185,618	-	-	185,618
Mutual funds				
US fixed income	2,494,776	-	-	2,494,776
International fix income	34,134	-	-	34,134
US large cap equity	1,153,960	-	-	1,153,960
US mid cap equity	212,771	-	-	212,771
International equity	595,944	-	-	595,944
Alternative investments	40,841	-	-	40,841
Total assets whose use is limited	<u>5,009,683</u>	<u>-</u>	<u>-</u>	<u>5,009,683</u>
Long-term investments				
Equity securities - financial	<u>23,491</u>	<u>-</u>	<u>-</u>	<u>23,491</u>
Total	<u>\$ 5,033,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,033,174</u>
	<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	<u>4,842,863</u>	<u>-</u>	<u>-</u>	<u>4,842,863</u>
Long-term investments				
Equity securities - financial	<u>18,262</u>	<u>-</u>	<u>-</u>	<u>18,262</u>
Total	<u>\$ 4,861,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,861,125</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,:

	2016	2015
Land	\$ 85,096	\$ 85,096
Buildings	58,012	35,962
Leasehold improvements	2,309,622	2,282,836
Furniture and fixtures	747,592	556,028
Equipment	<u>3,613,961</u>	<u>3,191,795</u>
	6,814,283	6,151,717
Less: Accumulated depreciation	<u>(4,865,148)</u>	<u>(4,423,888)</u>
Total	<u>\$ 1,949,135</u>	<u>\$ 1,727,829</u>

Depreciation expense for the years ended December 31, 2016 and 2015 amounted to \$441,260 and \$433,952, respectively.

7. Patient Service Revenues (Net of Contractual Allowances and Discounts)

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

	2016	2015
General patient revenues	\$ 33,696,310	\$ 34,774,821
Less: Provision for charity care	<u>(1,538,727)</u>	<u>(1,302,302)</u>
Gross patient revenues	32,157,583	33,472,519
Less: Provision for contractual allowance	<u>(12,375,714)</u>	<u>(12,776,436)</u>
Patient service revenues (net of contractual allowances and discounts)	<u>\$ 19,781,869</u>	<u>\$ 20,696,083</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 85% and 86%, respectively, of the Center's net patient service revenue for 2016 and 2015. 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, 2016 and 2015 for these operating leases amounted to \$928,881 and \$902,898, respectively. Future minimum lease payments under the operating leases are as follows:

2017	\$	925,558
2018		838,180
2019		673,963
2020		467,519
2021		333,046
Thereafter		<u>487,285</u>
Total	\$	<u>3,725,551</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 2016 and 2015 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 2016 and 2015 was \$152,904 and \$181,530, respectively.

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

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, 2016 and 2015.

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 \$225,828 and \$230,557 for 2016 and 2017, respectively. The Hospital also leases facilities to the Center. The Center paid \$145,347 and \$144,046 in 2016 and 2015, 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 \$687,786 and \$695,704 at December 31, 2016 and 2015, 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, 2016 and 2015.

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 \$292,953 and \$280,417 at December 31, 2016 and 2015, 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 \$622,112 and \$537,640 at December 31, 2016 and 2015, 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:

	2016	2015
Mental health care services	\$ 19,201,460	\$ 18,957,001
Management and general	<u>4,985,889</u>	<u>6,068,019</u>
	<u>\$ 24,187,349</u>	<u>\$ 25,025,020</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 2016 and 2015 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.

17. 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.

The Center was also notified by the West Virginia Department of Health and Human Resources (WV DHHR) Medicaid Fraud Control Unit that it billed \$126,898 without adequate documentation. WV DHHR is entitled to recover an amount equal to three times the amount of undocumented payments; however, WV DHHR has offered a reduced settlement of \$250,000 to resolve the matter. In accordance with ASC 450-20-30-1, management has reported a liability of \$250,000 on the accompanying Balance Sheet as accounts payable and accrued expenses.

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

18. Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through February 28, 2017, 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, 2016

<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

UNITED SUMMIT CENTER, INC.
CUMULATIVE SCHEDULE OF PROPERTY AND EQUIPMENT
PURCHASED WITH BHHF - ADMINISTERED FUNDING (CONT'D)
DECEMBER 31, 2016

<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>
Building Renovations	CrossRoads Construction	803	699	5/31/2016	22,050	2014-0525-0506-3744-21900-3256-0000
Vehicle	Harry Green Chevrolet, Inc.	HA1061	700	5/25/2016	35,000	2015-0525-0506-2851-21900-3256-0000-13144
Vehicle	Harry Green Chevrolet, Inc.	HA1061	709	7/26/2016	40,000	2016-0525-0506-2891-21900-3256-0000-13139
Furniture	Jack's Furniture	1134	714	6/29/2016	5,653	2016-5207-0506-2884-09900-3256-0000-JRIF_S_SR-EY2015
Computer Equipment	PC Connection	PC CON	715	9/2/2016	13,501	2016-0525-0506-2891-21900-3256-0000-13139
Washer & Dryer	Street's Store	STREET	716	9/28/2016	4,484	2016-0525-0506-2891-21900-3256-0000-13139
Refridgerators	Hart Office Solutions	HEA017	717	9/30/2016	2,095	2016-0525-0506-2891-21900-3256-0000-13139
Bed Frames & Dressers	This End Up	ENDUP1	718	9/30/2016	25,141	2014-0525-0506-2891-35400-3256-0000-13129
Mattresses	Mattress Warehouse	MATT	719	9/30/2016	49,631	2014-0525-0506-2891-35400-3256-0000-13129
Kitchen Equipment	Lowe's	LOW132	720	9/30/2016	4,278	2014-0525-0506-2891-35400-3256-0000-13129
Kitchen Equipment	Lowe's	LOW132	721	9/30/2016	3,637	2014-0525-0506-2891-35400-3256-0000-13129
Kitchen Equipment	Lowe's	LOW132	722	9/30/2016	748	2014-0525-0506-2891-35400-3256-0000-13129
Dining Room Furniture	Jack's Furniture	1134	723	9/30/2016	7,361	2014-0525-0506-2891-35400-3256-0000-13129
Living Room Furniture	Jack's Furniture	1134	724	9/30/2016	8,132	2014-0525-0506-2891-35400-3256-0000-13129
Living Room Furniture	Jack's Furniture	1134	725	9/30/2016	4,280	2014-0525-0506-2891-35400-3256-0000-13129
Television	Sam's Club	SAMCLB	726	9/30/2016	2,490	2014-0525-0506-2891-35400-3256-0000-13129
Living Room Furniture	Jack's Furniture	1134	727	9/30/2016	2,782	2014-0525-0506-2891-35400-3256-0000-13129
Living Room Furniture	Jack's Furniture	1134	728	9/30/2016	931	2014-0525-0506-2891-35400-3256-0000-13129
Living Room Furniture	Jack's Furniture	1134	729	9/30/2016	589	2014-0525-0506-2891-35400-3256-0000-13129
Mattresses	Mattress Warehouse	MATT	732	11/22/2016	43,427	2016-0525-0506-2916-21900-3256-0000-13112
Bed Frames & Dressers	This End Up	ENDUP1	742	12/9/2016	23,495	2016-0525-0506-2916-21900-3256-0000-13112
Living Room Furniture	Jack's Furniture	1134	746	12/30/2016	22,500	2016-0525-0506-2916-21900-3256-0000-13112
Washer & Dryer	Lowe's	LOW132	747	12/31/2016	1,795	2016-0525-0506-2916-21900-3256-0000-13112
					<u>\$ 1,028,594</u>	

The accompanying notes are an integral part of this schedule.

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

2016

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>
Children's Clinical Outreach Liaison	2015-0525-0506-2916-21900-3256-0000-1314	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ 60,000
Continuum Enhancement Funds, Harrison Co Main Office	2016-0525-0506-2851-21900-3256-0000-1314	464,415	464,415	-	-	464,415
Continuum Enhancement Funds, Harrison Co Main Office	2015-0525-0506-2851-21900-3256-0000-1314	211,588	211,588	-	-	211,588
Continuum Enhancement Funds For Expanded Children's Services	2014-0525-0506-2916-21900-3256-0000-1314	70,519	70,519	-	-	70,519
Continuum Enhancement Funds, Lewis Co Satellite Office	2016-0525-0506-2851-21900-3256-0000-1314	98,797	98,797	-	-	98,797
Continuum Enhancement Funds, Braxton Co Satellite	2016-0525-0506-2851-21900-3256-0000-1314	93,747	93,747	-	-	93,747
Continuum Enhancement Funds, Gilmer Co Satellite	2016-0525-0506-2851-21900-3256-0000-1314	93,747	93,747	-	-	93,747
Continuum Enhancement Funds, Doddridge Co	2016-0525-0506-2851-21900-3256-0000-1314	44,606	44,606	-	-	44,606
Day Programs/Day Support, Harrison Co	2014-0525-0506-3744-21900-3256-0000	218,090	218,090	-	-	218,090
Group Home, Harrison Co, Adamston (8)	2015-0525-0506-3115-21900-3256-0000	392,640	392,640	-	-	392,640
Group Home, Harrison Co, Pike Street (6)	2015-0525-0506-3115-21900-3256-0000	386,165	386,165	-	-	386,165
Complex Support Services, Harrison Co (Special Needs)	2015-0525-0506-2870-21900-3256-0000-1311	63,800	63,800	-	-	63,800
JRI - Outpatient/Intensive Outpatient Services	2016-5207-0506-2884-09900-3256-0000	28,033	28,033	-	-	28,033
JRI - Community Engagement Specialist	2016-5207-3701-09900-3256-000	22,029	22,029	-	-	22,029
JRI - Peer Coach	2016-5207-3701-09900-3256-000	12,694	12,694	-	-	12,694
SA Residential Services TY, Harrison Co, Bob Mays	2016-0525-0506-2891-21900-3256-0000-1313	722,708	722,708	-	-	722,708
SA Residential Services TY, Preston Co, John D Good	2016-0525-0506-2891-21900-3256-0000-1313	704,315	704,315	-	-	704,315
Regional Youth Service Center, Region 4	2016-8793-0506-2892-13000-3285-0000	210,000	210,000	-	-	210,000
Regional Youth Service Center, Region 4	2017-8793-0506-2892-13000-3285-0000	70,000	70,000	-	-	70,000
Peer Coach - Substance Abuse, Harrison Co	2013-0525-0506-2888-35400-3256-0000	52,500	52,500	-	-	52,500
Peer Coach - Substance Abuse, Harrison Co	2014-0525-0506-2888-35400-3256-0000	42,292	42,292	-	-	42,292
Residential Services - PPW, United Summit	2014-0525-0506-2891-35400-3256-0000	265,625	265,625	-	-	265,625
Community Engagement Specialists - Harrison Co	2016-0525-0506-3701-21900-3256-0000	199,361	199,361	-	-	199,361
Community Engagement Specialists - Lewis Co	2016-0525-0506-3701-21900-3256-0000	31,529	31,529	-	-	31,529
Community Engagement Specialists, Braxton Co	2016-0525-0506-3701-21900-3256-0000	3,938	3,938	-	-	3,938
Community Engagement Specialists - Gilmer Co	2016-0525-0506-3701-21900-3256-0000	3,938	3,938	-	-	3,938
Community Engagement Specialists, Doddridge Co	2016-0525-0506-3701-21900-3256-0000	5,234	5,234	-	-	5,234
Family & Community Support, Region 4	2015-0525-0506-2867-21900-3256-0000	160,000	160,000	-	-	160,000
Family & Community Support, Region 4	2015-0525-0506-2867-21900-3256-0000	24,900	24,900	-	-	24,900

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONTD)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

2016

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>
Family & Community Support, Region 4	2014-0525-0506-2867-21900-3256-0000	125,000	125,000	-	-	125,000
Functional Family Therapy (WV BCF)	2016-5074-0511-3149-09900-3256-0000	36,880	36,880	-	-	36,880
Regional Youth Suicide Intervention Specialist, Region 4	2016-8723-0506-2916-13000-3285-0000	31,875	31,875	-	-	31,875
Regional Youth Suicide Intervention Specialist, Region 4	2017-8723-0506-2916-13000-3285-0000	10,625	10,625	-	-	10,625
		<u>\$ 4,961,590</u>	<u>\$ 4,961,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,961,590</u>

FOR STATE FISCAL YEAR-END JUNE 30, 2017

Children's Clinical Outreach Liaison	2016-0525-0506-2916-21900-3256-0000-1314	\$ 60,000	\$ 32,827	\$ -	\$ 27,173	\$ 27,957
Continuum Enhancement Funds, Harrison Co Main Office	2017-0525-0506-2851-21900-3256-0000-1314	462,191	257,231	-	204,960	165,581
Continuum Enhancement Funds, Lewis Co Satellite Office	2017-0525-0506-2851-21900-3256-0000-1314	117,387	64,012	-	53,375	41,198
Continuum Enhancement Funds, Braxton Co Satellite Office	2017-0525-0506-2851-21900-3256-0000-1314	53,485	29,170	-	24,315	18,773
Continuum Enhancement Funds, Gilmer Co Satellite Office	2017-0525-0506-2851-21900-3256-0000-1314	49,228	26,827	-	22,401	17,266
Continuum Enhancement Funds, Doddridge Co Satellite/Outreach	2017-0525-0506-2851-21900-3256-0000-1314	45,410	24,764	-	20,646	15,938
Day Programs/Day Support, Harrison Co	2016-0525-0506-3744-21900-3256-0000	218,090	113,985	-	104,105	88,868
Group Home, Harrison Co, Adamston (8)	2017-0525-0506-3115-21900-3256-0000	348,750	185,298	-	163,452	122,892
Group Home, Harrison Co, Adamston (8)	2017-0525-0506-3115-21900-3256-0000-1368	51,100	21,158	-	29,942	14,385
Group Home, Harrison Co, Pike Street (6)	2017-0525-0506-3115-21900-3256-0000	348,750	174,712	-	174,038	104,684
Group Home, Harrison Co, Pike Street (6)	2017-0525-0506-3115-21900-3256-0000-1368	38,325	16,398	-	21,927	10,238
Complex Support Services	2017-0525-0506-2870-21900-3256-0000-1311	63,800	30,623	-	33,177	22,039
Treatment Supervision Implementation Region 4 (WV DJCS)	0546-2017-9920-561-083	118,724	14,460	-	104,264	-
Residential Services TY, SU Harrison Co, Bob Mays Center (16TY)	2017-0525-0506-2891-21900-3256-0000-1313	637,500	127,548	-	509,952	-
Residential Services TY, SU Harrison Co, Bob Mays Center (16TY)	2017-0525-0506-2891-21900-3256-0000-1368	102,200	20,160	-	82,040	-

**UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONTD)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

2016

FOR STATE FISCAL YEAR-END JUNE 30, 2017

<u>Program 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>
Regional Youth Center, Region 4	2017-8793-0506-2892-13000-3285-0000-SAPT_F_SR-EY2016	89,602	14,064	-	75,538	-
Regional Youth Center, Region 4	2018-8793-0506-2892-13000-3285-0000-SAPT_F_SR-EY2016	29,868	-	-	29,868	-
Regional Youth Center, Region 4 Bridgeport	2017-8793-0506-2892-13000-3285-0000-SAPT_F_SR-EY2016	43,204	7,434	-	35,770	-
Regional Youth Center, Region 4 Bridgeport	2018-8793-0506-2892-13000-3285-0000-SAPT_F_SR-EY2016	14,396	-	-	14,396	-
Regional Youth Center, Region 4 Fairmont	2017-8793-0506-2892-13000-3285-0000-SAPT_F_SR-EY2016	77,194	12,385	-	64,809	-
Regional Youth Center, Region 4 Fairmont	2018-8793-0506-2892-13000-3285-0000-SAPT_F_SR-EY2016	25,736	-	-	25,736	-
Peer Coach - Substance Abuse, Harrison Co	2014-0525-0506-2888-35400-3256-0000-1313	122,500	18,181	-	104,319	5,471
Residential Services - PPW, United Summit	2016-0525-0506-2891-35400-3256-0000-1312	637,500	17,849	-	619,651	8,885
Residential Services - PPW, United Summit	2016-0525-0506-2891-35400-3256-0000-1368	102,200	-	-	102,200	-
Community Engagement Specialists - Harrison Co	2017-0525-0506-3701-21900-3256-0000	199,019	80,843	-	118,176	64,946
Community Engagement Specialists - Lewis Co	2017-0525-0506-3701-21900-3256-0000	28,420	11,549	-	16,871	9,278
Community Engagement Specialists, Braxton Co	2017-0525-0506-3701-21900-3256-0000	5,943	2,418	-	3,525	1,942
Community Engagement Specialists - Gilmer Co	2017-0525-0506-3701-21900-3256-0000	5,943	2,418	-	3,525	1,942
Community Engagement Specialists, Doddridge Co	2017-0525-0506-3701-21900-3256-0000	4,675	1,903	-	2,772	1,529
Children's Mobile Crisis Response and Stabilization Team	2016-0525-0506-2916-21900-3256-0000-1312	284,000	40,496	-	243,504	-
Children's Mobile Crisis Response and Stabilization Team	2016-0525-0506-2916-21900-3256-0000-1312	186,600	92,935	-	93,665	26,123
Regional Youth Suicide Intervention Specialist, Region 4	2017-8723-0506-2916-13000-3285-0000-YSPP_F_SR_EY2016	37,500	13,625	-	23,875	4,404

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONTD)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

2016

FOR STATE FISCAL YEAR-END JUNE 30, 2017

<u>Program 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>
Regional Youth Suicide Intervention Specialist, Region 4	2018-8723-0506-2916-13000-3285-0000- YSPP_F_SR_EY2016	12,500	-	-	12,500	-
Federal Transit Administration Vehicle Grant	WV-16-X040-00	44,750	44,750	-	-	44,750
		<u>\$ 5,406,190</u>	<u>\$ 1,629,622</u>	<u>\$ -</u>	<u>\$ 3,776,568</u>	<u>\$ 819,089</u>

The accompanying notes are an integral part of this schedule.

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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	2015-0525-0506-2919-21900-3206-3950-131:	\$ 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	2015-0525-0506-3744-21900-3206-3950-124:	162,406	162,406	-	-	162,406
Out of Home Service - Hartley Group Home - Adamston	2015-0525-0506-3115-21900-3206-3950-124:	497,779	497,779	-	-	497,779
Bob Mays Center	2015-0525-0506-3743-21900-3206-3950-131:	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	2015-0525-0506-3746-21900-3206-3949-124:	133,340	133,340	-	-	133,340
IOP - Co-Occurring Adult	2014-0525-0506-3746-21900-3206-3950-124:	33,335	33,335	-	-	33,335
Complex Support Services	2015-0525-0506-2877-21900-3206-3950-131:	54,001	54,001	-	-	54,001
Crisis Stabilization Services (CSU)	2015-0525-0506-3246-21900-3206-3950-131:	785,417	785,417	-	-	785,417
Recovery Housing	2015-0525-0506-2888-21900-3206-3950-131:	439,772	439,772	-	-	439,772
Recovery Housing	2014-0525-0506-2888-21900-3206-3950-131:	113,253	113,253	-	-	113,253
Supportive Living Program (SLP)	2015-0525-0506-3041-21900-3206-3949-131:	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	2013-0525-0506-2884-21900-3206-3949-131:	72,130	72,130	-	-	72,130
Substance Abuse Adult	2013-0525-0506-2851-21900-3206-3949-131:	5,894	5,894	-	-	5,894
Substance Abuse Adult	2015-8793-0506-2884-13000-3285-0000	78,024	78,024	-	-	78,024
		<u>\$ 5,339,811</u>	<u>\$ 5,339,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,339,811</u>

UNITED SUMMIT CENTER, INC.
STATEMENT OF BHHF FUNDING STATUS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 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	2015-0525-0506-2916-21900-3256-0000-131	\$ 60,000	\$ 32,488	\$ -	\$ 27,512	\$ 21,635
Continuum Enhancement - Harrison County	2016-0525-0506-2851-21900-3256-0000-131	464,415	225,186	-	239,229	-
Continuum Enhancement - Lewis County	2016-0525-0506-2851-21900-3256-0000-131	98,797	46,397	-	52,400	-
Continuum Enhancement - Braxton County	2016-0525-0506-2851-21900-3256-0000-131	93,747	44,044	-	49,703	-
Continuum Enhancement - Gilmer County	2016-0525-0506-2851-21900-3256-0000-131	93,747	44,044	-	49,703	-
Continuum Enhancement - Doddridge County	2016-0525-0506-2851-21900-3256-0000-131	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	2013-0525-0506-3042-21900-3256-0000-131	136,592	-	-	136,592	-
Complex Support Services	2015-0525-0506-2870-21900-3256-0000-131	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	2016-5207-3701-09900-3256-000	45,000	2,376	-	42,624	-
Justice Reinvestment - Peer Coach	2016-5207-3701-09900-3256-000	35,000	2,289	-	32,711	-
SA Residential Services - Bob Mays	2016-0525-0506-2891-21900-3256-0000-131	739,700	172,788	-	566,912	-
SA Residential Services - John D. Good	2016-0525-0506-2891-21900-3256-0000-131	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>

The accompanying notes are an integral part of this schedule.

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

	<u>As of 12/31/2016 (YEAR-TO-DATE)</u>
ASSETS	
<u>CURRENT ASSETS:</u>	
1. Cash	4,043,823
2. Short Term Investments	0
3. Accounts Receivable - OBHS	163,588
4. Accounts Receivable - Client	31,799
5. Accounts Receivable - Medicaid	1,356,142
6. Accounts Receivable - Medicaid MR/DD Waiver	899,515
7. Accounts Receivable - Other	583,374
8. Inventory	0
9. Prepaid/Other	943,408
10. TOTAL CURRENT ASSETS (Total of lines 1-9)	8,021,449
<u>NON-CURRENT ASSETS:</u>	
<u>FIXED ASSETS</u>	
11. Property, Land and Equipment - OBHS	1,028,594
12. Less Accumulated Depreciation	(372,331)
13. Property, Land and Equipment - Other	5,785,689
14. Less Accumulated Depreciation	(4,492,817)
15. Total Property, Land and Equipment (NET)	1,949,135
<u>OTHER NON-CURRENT ASSETS</u>	
16. Long-Term Investments	5,033,175
17. Other	0
18. TOTAL ASSETS (Total of lines 10, 15, 16 and 17)	15,003,759
LIABILITIES	
<u>CURRENT LIABILITIES:</u>	
19. Accounts Payable	143,316
20. Taxes Payable	86,694
20 A. Provider Taxes Payable	0
21. Line of Credit - Payable	0
22. Short-Term Notes Payable	0
23. Accrued Expenses	3,557,356
24. Other Current Liabilities	0
25. TOTAL CURRENT LIABILITIES (Total of lines 19 through 24)	3,787,366
<u>LONG-TERM LIABILITIES:</u>	
26. Long-Term Notes Payable	0
27. Other Long-Term Liabilities	0
28. TOTAL LIABILITIES (Total of lines 25, 26 and 27)	3,787,366
NET ASSETS	
29. Unrestricted Net Assets	11,216,393
30. Temporarily Restricted Net Assets	0
31. Permanently Restricted Net Assets	0
32. TOTAL LIABILITIES AND NET ASSETS (Total of lines 28 through 31)	15,003,759

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

DATE

The accompanying notes are an integral part of this schedule.

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

<u>REVENUE AND SUPPORT</u>	12/31/2016 (YEAR-TO-DATE - 12 mos)
Charity Care	
Charity Care - Account 4311.1	10,795
Charity Care - Account 4311.2	162,640
Charity Care - Account 4312.1	0
Charity Care - Account 4312.2	52,556
Charity Care - Account 4314.1	24,751
Charity Care - Account 4314.2	0
Charity Care - Account 4315.1	0
Contr. Write-Off Account 4337.1	0
Charity Care Revenue - Account 4329	842,648
Supprt/Alt Revenue - Account 4358	
Total	1,083,390
Gross Client Service Revenue	33,573,208
Contractual Adjustments (Target Funds)	(219,887)
Contractual Adjustments (Non-Target Funds)	(13,571,472)
Net Client Service Revenue	19,781,869
Net Client Service Revenue	
Medicaid (Target Funds)	842,648
Medicaid (Non-Target Funds)	7,103,907
Medicaid MR/DD Waiver (Non-Target Funds)	9,619,215
ICF/MR (Non-Target Funds)	0
Private Pay (Non-Target Funds)	0
Private Pay (OBHS Target Funds)	10,795
Private Pay (OBHS Non-Target Funds)	232,654
Other Client Service Revenue (Target Funds)	0
Other Client Service Revenue (Non-Target Funds)	1,972,650
Total Net Client Service Revenue (Line 11 must agree with line 5)	19,781,869
OBHS Support	5,168,006
Other/Public Support	64,164
Other	538,538
TOTAL REVENUE AND SUPPORT (Total of line 11 through line 14)	25,550,677
EXPENSES	
Salaries	14,772,839
Fringe Benefits	3,950,031
Contractual Services	715,902
Provider Tax	63,626
Bad Debts	267,385
Bad Debts (BHMF Target Funds)	19,716
Bad Debts (BHMF Non-Target Funds)	169,485
Depreciation Expense	441,260
Other Expenses	4,243,690
TOTAL EXPENSES (Total of line 16 through line 21)	24,633,934
NET INCOME (LOSS) (Line 15 minus line 22)	916,643
PREPARED BY -- RUSS PLYWACZYNSKI	DATE
Name of Provider: UNITED SUMMIT CENTER	

The accompanying notes are an integral part of this schedule.

UNITED SUMMIT CENTER, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

<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	\$ 480	\$ 480
Grant #G160309	07/01/2015 - 06/30/2016	309,900	243,228	254,753
Grant #G160488	07/01/2015 - 06/30/2016	1,077,419	1,077,419	696,791
Grant #G160376	07/01/2015 - 06/30/2016	60,000	38,365	27,512
Grant #G160461	07/01/2015 - 06/30/2016	244,000	161,741	126,206
Grant #G160416	07/01/2015 - 06/30/2016	62,756	62,756	54,185
Grant #G160391	07/01/2015 - 06/30/2016	63,800	45,795	27,953
Grant #G160444	07/01/2015 - 06/30/2016	966,895	996,895	525,895
Grant #G160544	09/30/2015 - 09/29/2016	42,500	42,500	28,446
Grant #G160523	10/01/2015 - 09/30/2016	1,707,023	1,707,023	1,396,866
Grant #G160712	01/01/2016 - 06/30/2016	36,880	36,880	36,880
Grant #G160432	07/01/2015 - 09/30/2016	360,417	360,417	360,417
Grant #G170473	07/01/2016 - 06/30/2017	470,600	26,123	133,431
Grant #G170234	07/01/2016 - 06/30/2017	1,005,015	341,067	511,551
Grant #G170251	07/01/2016 - 06/30/2017	60,000	27,957	32,827
Grant #G170301	07/01/2016 - 06/30/2017	244,000	79,637	99,131
Grant #G170270	07/01/2016 - 06/30/2017	63,800	22,039	30,623
Grant #G170227	07/01/2016 - 06/30/2017	727,701	258,756	402,004
Grant #17-202	07/01/2016 - 06/30/2017	118,753	-	14,460
Grant #G170569	10/01/2016 - 09/30/2017	862,200	14,356	36,030
Grant #G170564	09/30/2016 - 09/29/2017	50,000	4,404	13,625
Grant #G170594	10/01/2016 - 09/30/2017	1,759,400	-	311,190
Grant #WV-16-X040-00	10/01/2016 - 09/30/2017	44,750	44,750	44,750
			<u>\$ 5,592,588</u>	<u>\$ 5,166,006</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.

The accompanying notes are an integral part of this schedule.



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, 2016, 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 February 28, 2017.

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 #2016-001 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*.

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.

Attuck + Bardette, PLLC

Clarksburg, West Virginia
February 28, 2017

DHHR - Finance

FEB 15 2019

Date Received

**UNITED SUMMIT CENTER, INC.
SCHEDULE OF FINDING AND RESPONSE
FOR THE YEAR ENDED DECEMBER 31, 2016**

#2016-001 - 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 on 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.

Status: This condition was reported in the prior year's audit as finding #2015-001.