

Audited Financial Statements

Westbrook  Health Services

Years Ended June 30, 2009 and 2008

DHHR - Finance

MAR 15 2010

Date Received

**Gibbons
& Kawash**
Certified Public Accountants

Audited Financial Statements
WESTBROOK HEALTH SERVICES, INC.
Years Ended June 30, 2009 and 2008

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DHHR - Finance

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Westbrook Health Services, Inc.
Parkersburg, West Virginia

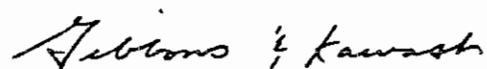
We have audited the accompanying statement of financial position of Westbrook Health Services, Inc. (the Organization) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2010, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying information, as listed in the accompanying table of contents, is presented for purposes of additional analysis as required by the West Virginia Department of Health and Human Resources, Bureau for Behavioral Health and Health Facilities (BHBF). The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



March 2, 2010

DHHR - Finance

MAR 15 2010

Date Received

WESTBROOK HEALTH SERVICES, INC

STATEMENT OF FINANCIAL POSITION

June 30, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 38,308	\$ 432,846
Accounts receivable, less allowance for doubtful accounts of \$249,310 and \$157,657 in 2009 and 2008	1,490,047	998,021
Federal and state funds receivable	436,250	559,421
Other assets	<u>54,987</u>	<u>64,371</u>
Total current assets	<u>2,019,592</u>	<u>2,054,659</u>
Investments	11,000	11,000
Property and equipment, less accumulated depreciation	<u>3,116,675</u>	<u>2,995,152</u>
Total assets	<u>\$ 5,147,267</u>	<u>\$ 5,060,811</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 518,201	\$ 231,298
Bank overdraft	114,333	-
Salaries payable	444,230	407,903
Accrued expenses	153,421	92,918
Accrued vacation payable	197,193	191,786
Line of credit	825,000	1,000,000
Current maturities of long-term debt	94,340	85,186
Other liabilities	<u>29,181</u>	<u>25,817</u>
Total current liabilities	<u>2,375,899</u>	<u>2,034,908</u>
Long-term debt, less current maturities	<u>4,048</u>	<u>112,814</u>
Total liabilities	<u>2,379,947</u>	<u>2,147,722</u>
Unrestricted net assets	<u>2,767,320</u>	<u>2,913,089</u>
Total liabilities and net assets	<u>\$ 5,147,267</u>	<u>\$ 5,060,811</u>

The accompanying notes are an integral part of these financial statements

WESTBROOK HEALTH SERVICES, INC

STATEMENT OF ACTIVITY

Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Support and revenue:		
Operating revenues:		
Patient revenue (net of discounts, adjustments, and write-offs of \$7,563,036 and \$2,769,758 in 2009 and 2008)	\$ 10,587,401	\$ 10,795,886
State and federal grants	4,289,451	3,824,526
Local and county grants	<u>155,049</u>	<u>193,742</u>
	<u>15,031,901</u>	<u>14,814,154</u>
Non-operating revenues:		
Miscellaneous	<u>224,312</u>	<u>232,517</u>
Total unrestricted revenues	<u>15,256,213</u>	<u>15,046,671</u>
Expenses:		
Salaries and wages	9,461,838	9,231,406
Fringe benefits and payroll taxes	1,819,900	1,802,572
Office	25,697	115,500
Staff training	31,011	30,309
Medication	-	27,117
Program supplies and operations	192,807	281,520
Contracted services and professional fees	1,343,799	1,145,188
Travel	390,579	293,511
Utilities	205,928	176,715
Telephone and pagers	124,662	148,708
Insurance	183,394	136,218
Rental	228,466	213,064
Food products	140,249	113,556
Maintenance	221,429	224,764
Interest	70,698	49,037
Advertising and recruitments	35,559	56,638
Non-capitalized equipment	15,037	8,411
Medicaid taxes	482,280	461,793
Miscellaneous	52,853	44,253
Depreciation	<u>375,796</u>	<u>252,000</u>
Total expenses	<u>15,401,982</u>	<u>14,812,280</u>
Increase (decrease) in net assets	(145,769)	234,391
Unrestricted net assets, beginning of year	<u>2,913,089</u>	<u>2,678,698</u>
Unrestricted net assets, end of year	<u>\$ 2,767,320</u>	<u>\$ 2,913,089</u>

The accompanying notes are an integral part of these financial statements

WESTBROOK HEALTH SERVICES, INC

STATEMENT OF CASH FLOWS

Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating expenses:		
Increase (decrease) in net assets	\$ (145,769)	\$ 234,391
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	375,796	252,000
Provision for bad debts	191,975	170,372
(Increase) decrease in:		
Accounts receivable	(684,001)	(471,783)
Federal and state funds	123,171	(141,250)
Other assets	9,384	42,481
Increase (decrease) in:		
Accounts payable	286,903	(105,436)
Salaries payable	36,327	63,343
Accrued expenses	60,503	13,096
Accrued vacation payable	5,407	15,428
Other liabilities	3,364	(13,953)
Net cash provided by operating activities	<u>263,060</u>	<u>58,689</u>
Cash flows used in investing activities:		
Purchases of property and equipment	<u>(497,319)</u>	<u>(450,061)</u>
Cash flows from financing activities:		
Proceeds from line of credit	1,450,000	1,775,000
Payments on line of credit	(1,625,000)	(1,175,000)
Bank overdrafts	114,333	-
Principal payments on long-term debt	<u>(99,612)</u>	<u>(70,512)</u>
Net cash provided by (used in) financing activities	<u>(160,279)</u>	<u>529,488</u>
Net increase (decrease) in cash and cash equivalents	(394,538)	138,116
Cash and cash equivalents, beginning of year	<u>432,846</u>	<u>294,730</u>
Cash and cash equivalents, end of year	<u>\$ 38,308</u>	<u>\$ 432,846</u>

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

WESTBROOK HEALTH SERVICES, INC

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESDescription of Organization

Westbrook Health Services, Inc. (the Organization) is a nonprofit, nonstock corporation organized under the laws of the State of West Virginia and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified as other than a private foundation. The Organization was formed to plan, develop, provide, and maintain comprehensive, community-based mental health and substance abuse services for the West Virginia counties of Calhoun, Jackson, Pleasants, Ritchie, Roane, Tyler, Wirt, and Wood, and to provide consultation and technical assistance to community groups and organizations concerning the delivery of mental health and substance abuse services.

Basis of Accounting

Revenues and expenses are recognized on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred. The Organization records grant monies received in advance as refundable advances and recognizes revenue as qualifying expenditures are incurred.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated contractual adjustments under reimbursement agreements with third-party payors. The allowance for doubtful accounts is based on management's experience and analysis of prior year collections. The Organization's policy for writing off bad debts includes writing off amounts due from patients after 90 days if no payment is received, and amounts due from third party payors after 365 days if no payment is received.

Charity Care

The Organization 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 Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

WESTBROOK HEALTH SERVICES, INC

NOTES TO FINANCIAL STATEMENTS
(Continued)**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Property and Equipment

Property and equipment are stated at cost or, in the case of donated assets, at fair value on the date of donation. Major purchases and improvements are capitalized while repairs and maintenance are expensed as incurred. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-40 years
Vehicles, furniture and equipment	3-20 years

Refundable Advances

Refundable advances result from funds received by the Organization in exchange for service but not yet expended for those services by the end of the Organization's fiscal year end. Such amounts are generally expended within one year.

Advertising

It is the policy of the Organization to expense all advertising costs as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The date to which events occurring after June 30, 2009 have been evaluated for possible adjustment to or disclosure in the financial statements is March 2, 2010, which is the date on which the financial statements were available to be issued.

WESTBROOK HEALTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Property, buildings, and improvements	\$ 4,337,173	\$ 4,287,691
Office furniture and fixtures	420,468	418,973
Major moveable equipment	<u>2,612,107</u>	<u>2,165,361</u>
	7,369,748	6,872,025
Less accumulated depreciation	<u>4,253,073</u>	<u>3,876,873</u>
	<u>\$ 3,116,675</u>	<u>\$ 2,995,152</u>

Depreciation expense for 2009 and 2008 was \$375,796 and \$252,000, respectively, of which \$4,760 and \$317, respectively, was attributable to fixed assets purchased during the year with state allocated funds

Cost of property and equipment purchased with Bureau for Behavioral Health & Health Facilities grant funds and related accumulated depreciation was \$567,537 and \$437,209, respectively, at June 30, 2009, and \$520,724 and \$375,032, respectively, at June 30, 2008.

Property and equipment includes certain buildings and land provided to the Organization under long-term leases which require annual payments of \$1 for terms of ninety-nine years. The cost of such buildings provided by the State of West Virginia was \$1,246,100, while accumulated depreciation related to these buildings was \$870,668 and \$838,716 at June 30, 2009 and 2008, respectively. Land provided to the Organization under this lease amounted to \$350,000 as of June 30, 2009 and 2008. The cost of the facilities and land is the fair market value at the inception of the lease. The lease with the State of West Virginia expires in 2076. The recorded balance of the building provided by the Wood County Commission was \$250,000, while accumulated depreciation related to this building was \$27,778 and \$21,368 at June 30, 2009 and 2008, respectively. The lease with the Wood County Commission expires in 2104. The recorded balance of the apartment complex provided by the State of West Virginia was \$124,940, while accumulated depreciation related to this property was \$17,353 and \$14,149 at June 30, 2009 and 2008, respectively. The lease expires in 2043.

The Crisis Stabilization unit was constructed using grant funds provided by the State of West Virginia. The recorded balance of the facility was \$409,789, while accumulated depreciation related to this building was \$47,283 and \$36,776 at June 30, 2009 and 2008, respectively.

WESTBROOK HEALTH SERVICES, INC
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

2 - PROPERTY AND EQUIPMENT (Continued)

Continued use of these facilities is contingent upon the Organization continuing to provide treatment to persons who are emotionally disturbed or developmentally disabled. Management believes that it is highly unlikely the Organization would discontinue providing these services.

3 - LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2009 and 2008:

	2009	2008
Note payable to bank, payable in monthly installments of \$8,408, including interest at a variable rate of 2% above the prime commercial lending rate as established by Chase Bank (5.25% at June 30), due February 2014, secured by a deed of trust and an assignment of the construction contracts on the Spencer Projects, Spencer, West Virginia	\$ 98,388	\$ 198,000
Less current portion	94,340	85,186
	\$ 4,048	\$ 112,814

Maturities of long-term debt are as follows:

June 30	
2010	\$ 94,340
2011	4,048
	\$ 98,388

The Organization has a \$2,000,000 operating line of credit with a local bank, with interest payable at 5.0%. The line is secured by accounts receivable, grants receivable, and other personal property. At June 30, 2009 and 2008, the balance outstanding under this line of credit was \$825,000 and \$1,000,000, respectively. The line of credit expires October 31, 2010.

Cash paid for interest during the years ended June 30, 2009 and 2008, was \$70,698 and \$49,037, respectively.

WESTBROOK HEALTH SERVICES, INC
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

4 - LEASES

The Organization leases land, buildings, postage equipment, and copiers under various operating leases expiring through 2012. Some of these leases may be cancelled with proper advance notice by the Organization. The minimum future lease obligations under the various operating leases are as follows:

Fiscal Year		
2010	\$	59,571
2011		59,571
2012		28,558
	\$	147,700

Rental expense for the years ended June 30, 2009 and 2008, was \$228,466 and \$213,064, respectively.

5 - RETIREMENT PLAN

Effective July 1, 1997, eligible employees had the option to be covered under the West Virginia Public Employees' Retirement Plan or Westbrook Health Services, Inc Pension Plan.

The West Virginia Public Employees' Retirement Plan is a defined benefit plan for which contributions are made at a rate of 10.5% and 4.5% of the employees' gross salary by the Organization and the employee, respectively. The Organization's contribution on behalf of its employees was \$12,391 and \$17,985 in 2009 and 2008, respectively.

The Westbrook Health Services, Inc., Pension Plan is a 401(k) plan for which contributions may be made by the employee up to the maximum percentage allowable, not to exceed the limits of Code Sections 401(k), 404, and 415. The Organization contributes 2% of eligible employee compensation. The Organization's contribution on behalf of its employees was \$128,487 and \$115,065 in 2009 and 2008, respectively.

6 - THIRD-PARTY TRANSACTIONS AND ECONOMIC DEPENDENCY

The Organization has agreements with Medicaid and Medicare that provide for payments to the Organization at predetermined amounts that differ from its standard rates. The ability of the Organization to receive future payments from these sources depends on legislation enacted and resources available to the State of West Virginia. The Organization also received payments for services from private payors, certain governmental agencies, and other third-party payors.

WESTBROOK HEALTH SERVICES, INC

NOTES TO FINANCIAL STATEMENTS
(Continued)**6 - THIRD-PARTY TRANSACTIONS AND ECONOMIC DEPENDENCY (Continued)**

Revenue recognized from client services is as follows for the year ended June 30, 2009:

	Gross Patient Revenue	Less: Contractual Adjustments, Charity Care, and Bad Debt Expense	Net Patient Revenue
Medicaid	\$ 4,360,525	\$ 1,893,878	\$ 2,466,647
Medicaid waiver	10,057,838	2,761,471	7,296,367
Medicare	621,312	423,252	198,060
Private pay	269,373	16,122	253,251
Insurance	693,015	422,298	270,717
Other (including charity care)	2,148,374	1,854,040	294,334
Bad debt expense	-	191,975	(191,975)
Total	<u>\$ 18,150,437</u>	<u>\$ 7,563,036</u>	<u>\$ 10,587,401</u>

Revenue recognized from client services is as follows for the year ended June 30, 2008:

	Gross Patient Revenue	Less: Contractual Adjustments, Charity Care, and Bad Debt Expense	Net Patient Revenue
Medicaid	\$ 3,584,127	\$ 529,863	\$ 3,054,264
Medicaid waiver	7,010,035	54,066	6,955,969
Medicare	206,164	30,018	176,146
Private pay	187,596	16,361	171,235
Insurance	291,051	49,189	241,862
Managed care	13,849	10,366	3,483
Other (including charity care)	2,272,822	1,909,523	363,299
Bad debt expense	-	170,372	(170,372)
Total	<u>\$ 13,565,644</u>	<u>\$ 2,769,758</u>	<u>\$ 10,795,886</u>

WESTBROOK HEALTH SERVICES, INC
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

7 - CONCENTRATION OF CREDIT RISK

Financial instruments which potentially expose the Organization to significant concentrations of credit risk consist of cash and accounts receivable.

To limit concentration of credit risk associated with cash, the Organization places its cash with high quality financial institutions. At times, the balances in such institutions may exceed amounts covered by FDIC insurance. The Organization receives payments for services from Medicaid, Medicare, private payors, and certain governmental agencies. The ability of these parties to honor their obligations is partially dependent upon the economic condition of the State of West Virginia and the health insurance industry. The Organization maintains allowances for potential losses, which, when realized, have been within the range of management's expectations.

8 - RELATED PARTIES

Westbrook Health Services, Inc., acts as the sponsor and provides bookkeeping services to Westland Adams Management Corporation. Westland Adams Management Corporation was formed to own, operate, and manage apartment dwellings for those persons who have psychiatric disabilities/chronic mental illness (CMI) and otherwise provide shelter for such individuals and for such other similar purposes permitted to non-profit corporations in the State of West Virginia.

9 - COMMITMENTS AND CONTINGENCIES

Approximately 20% of the Organization's employees are represented by the United Food & Commercial Workers Union, which has entered into a collective bargaining agreement with the Organization. The collective bargaining agreement expired in May 2008 and a new contract was ratified in November 2009.

10 - FUNCTIONAL ALLOCATION OF EXPENSES

The Organization's policy is to allocate the indirect expenses of administrative overhead (supporting services) to the various programs and other activities of the Organization. Management determines the allocation by applying a percentage of the various direct costs related to each program. Expenses related to providing these services for the years ended June 30, 2009 and 2008, are as follows:

	<u>2009</u>	<u>2008</u>
Program services	\$ 13,424,941	\$ 12,444,644
General and administrative	<u>1,977,041</u>	<u>2,367,636</u>
	<u>\$ 15,401,982</u>	<u>\$ 14,812,280</u>

ACCOMPANYING INFORMATION

WESTBROOK HEALTH SERVICES, INC

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2009

Grantor/Program Title	Grantor's Number	Program or Award Amount
WV Department of Health and Human Resources, Bureau for Behavioral Health and Health Facilities (BHHF):		
Medical Records	0525-2009-2849-219-252	\$ 8,000
MH - Client Core Services	0525-2009-2851-219-252	438,840
Case Management	0525-2009-2851-219-252	25,000
DD - Client Core Services	0525-2009-2870-219-252	125,200
Family Support	0525-2009-2870-221-252	80,285
Community Placement	0525-2009-2870-803-252	208,050
PI Services	0525-2009-2885-219-252	126,000
SA - Women	0525-2009-2890-219-252	256,500
SA - Adult Residential Treatment	0525-2009-2891-219-252	91,757
SA - Adolescent Residential Services	0525-2009-2892-219-252	55,539
Community Based Services	0525-2009-2913-219-252	88,000
Support Alternative Services	0525-2009-3041-219-252	421,704
Uncompensated Care	0525-2009-3065-219-252	567,380
Care Coordinators Improvement	0525-2009-3701-219-252	384,270
Community Supports Imp. Adult	0525-2009-3702-219-252	64,045
Community Supports Imp. Children	0525-2009-3702-219-252	60,000
Forensic Homes	0525-2009-3703-335-252	577,550
Med Rec. Infrastructure	8723-2009-2849-096-128-14014	25,500
PATH	8723-2009-2852-096-128-16506	25,000
SBIRT	8723-2009-2885-096-128-16616	265,030
SA Services	8793-2009-2885-096-128-15582	119,305
SA Women	8793-2009-2890-096-128-15582	191,974
SA Residential	8793-2009-2891-096-128-15582	223,019
SA Adolescent	8793-2009-2892-096-128-15582	<u>100,000</u>
Total BHHF		<u>4,527,948</u>
Total State Awards		<u>\$ 4,527,948</u>

See Independent Auditors' Report.

<u>Extended P.O.</u>	<u>Refundable Advances June 30, 2008</u>	<u>Amount Collected in Current Year</u>	<u>Net Disbursements/ Expenditures</u>	<u>Refundable Advances June 30, 2009</u>
\$ -	\$ -	\$ 8,000	\$ 8,000	\$ -
-	-	438,840	438,840	-
-	-	20,830	22,913	-
-	-	125,200	125,200	-
-	-	68,163	73,316	-
-	-	167,196	182,984	-
-	-	67,276	86,463	-
-	-	181,363	193,411	-
-	-	91,757	91,757	-
-	-	33,848	37,198	-
-	-	59,033	62,397	-
-	-	421,704	421,704	-
-	-	567,380	567,380	-
-	-	384,270	384,270	-
-	-	60,965	64,045	-
-	-	58,516	60,000	-
-	-	344,022	391,032	-
-	-	25,500	25,500	-
-	-	25,000	25,000	-
-	-	-	253,501	-
-	-	119,305	119,305	-
-	-	138,524	139,802	-
-	-	177,521	197,846	-
-	-	79,134	87,801	-
-	-	<u>3,663,347</u>	<u>4,059,665</u>	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,663,347</u>	<u>\$ 4,059,665</u>	<u>\$ -</u>

WESTBROOK HEALTH SERVICES, INC.

SCHEDULE OF BHHF FUNDED FIXED ASSETS

Year Ended June 30, 2009

Provider ID # & Description	Date Acquired	Cost
Assets purchased and capitalized:		
31 Desk, Cabinet, Bookcase	01/01/74	\$ 1,649
46 Thought Tank	01/01/78	1,004
57 Thought Tank & Shelving	01/01/78	4,821
125 Office Furniture Medley	07/01/86	2,691
232 92 Chevy Astro Van	03/31/93	18,000
133 Furniture - Murphytown	12/02/93	3,990
236 Telephone System - Gregg	03/24/94	2,444
244 Refrigerator	03/30/95	1,515
136 Office Furniture	05/19/94	2,916
137 Desk/Credenza	05/19/94	1,378
237 DEX 645 O Valley	06/08/94	1,809
238 DEX 85 O Valley	06/08/94	1,261
128 Office Furniture	06/23/94	1,505
129 Office Furniture	06/23/94	1,671
141 Tables/Chairs/Desks	01/01/95	13,261
247 Equipment	01/01/95	3,220
245 Personal Computer Systems	03/16/95	9,424
243 VCRs/TVs/Camcorders	03/30/95	2,345
529 SA Computers	03/01/02	9,325
541 Laptop Computer	09/08/03	1,569
544 2003 Chevy Impala	09/30/03	19,818
546 2003 Chevy 3500 Express	09/30/03	28,309
554 Furniture	01/30/04	1,342
555 Furniture/Women's Residential	02/02/04	5,747
559 Stoves/Refrigerator	02/17/04	2,773
556 Oven	03/19/04	3,500
558 Chevy Van 4Dr White	04/01/04	19,112
568 Projector & Other Equipment	04/19/04	4,251
557 Amity Machinery/Equipment	04/22/04	3,501
560 Furnaces & A/C	05/07/04	17,227
561 5 Washer/Dryer	05/18/04	2,756
571 2005 GMC 12 Passenger Van	06/28/04	19,059

(Continued)

WESTBROOK HEALTH SERVICES, INC

SCHEDULE OF BHHF FUNDED FIXED ASSETS

(Continued)

Year Ended June 30, 2009

<u>Provider ID # & Description</u>	<u>Date Acquired</u>	<u>Cost</u>
572 2005 GMC 12 Passenger Van	06/28/04	19,059
573 2005 GMC 12 Passenger Van	06/28/04	24,299
574 2005 GMC 12 Passenger Van	06/28/04	24,902
577 2005 GMC 12 Passenger Van	10/28/04	25,277
578 2005 GMC 12 Passenger Van	10/28/04	25,881
580 2005 GMC 12 Passenger Van	10/28/04	20,037
582 2005 GMC 12 Passenger Van	10/28/04	27,060
600 2005 Buick Lacrosse	06/30/05	21,393
601 Computer Equip - Insight	06/30/05	19,877
602 Computer Equip - Source Code	06/30/05	5,597
603 Appliances for 16th Street	06/30/05	3,308
607 Washer and Dryer	03/31/06	2,014
608 Laptop Computer	03/31/06	2,255
611 Garden Tractor	04/24/06	2,331
612 Ice Maker	04/26/06	1,776
803 Computer Equip - Insight	08/09/06	10,512
803 Computer Equip - Source Code	08/18/06	2,609
803 Computer Equip - Source Code	08/18/06	2,399
803 2004 Hyundai	11/10/06	11,090
803 2005 Toyota Camry	11/10/06	14,244
703 2003 Hyundai Sonata	11/13/06	9,099
703 2000 Toyota Camry	11/13/06	8,889
632 Tilt N Space Shower Curtain	07/30/07	1,298
607 Furniture for lobby	02/25/08	2,316
608 Furniture for lobby	04/29/08	120
204 Chrysler Town and Country	07/14/08	12,458
210 Dodge Caravan	07/14/08	13,508
725 2009 Sierra	06/23/09	26,046
726 2006 Chevy Van	06/23/09	14,690
		<u>\$ 567,537</u>

See Independent Auditors' Report.

WESTBROOK HEALTH SERVICES, INC

SCHEDULE OF BHHF FUNDING STATUS

Year Ended June 30, 2009

<u>State Account Number</u>	<u>Current Year Award Amount</u>	<u>Award Extended From Prior Year</u>	<u>Refundable Advances July 1, 2008</u>
0525-2009-2849-219-252	\$ 8,000	\$ -	\$ -
0525-2009-2851-219-252	438,840	-	-
0525-2009-2851-219-252	25,000	-	-
0525-2009-2870-219-252	125,200	-	-
0525-2009-2870-221-252	80,285	-	-
0525-2009-2870-803-252	208,050	-	-
0525-2009-2885-219-252	126,000	-	-
0525-2009-2890-219-252	256,500	-	-
0525-2009-2891-219-252	91,757	-	-
0525-2009-2892-219-252	55,539	-	-
0525-2009-2913-219-252	88,000	-	-
0525-2009-3041-219-252	421,704	-	-
0525-2009-3065-219-252	567,380	-	-
0525-2009-3701-219-252	384,270	-	-
0525-2009-3702-219-252	64,045	-	-
0525-2009-3702-219-252	60,000	-	-
0525-2009-3703-335-252	577,550	-	-
8723-2009-2849-096-128-14014	25,500		
8723-2009-2852-096-128-16506	25,000		
8723-2009-2885-096-128-16616	265,030		
8793-2009-2885-096-128-15582	119,305	-	-
8793-2009-2890-096-128-15582	191,974	-	-
8793-2009-2891-096-128-15582	223,019	-	-
8793-2009-2892-096-128-15582	100,000	-	-
	<u>\$ 4,527,948</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

Amount Earned and Billed	Refundable Advances June 30, 2009	Amount Not Billed	Amount Collected
\$ 8,000	\$ -	\$ -	\$ 8,000
438,840	-	-	438,840
22,913	-	-	20,830
125,200	-	-	125,200
73,316	-	-	68,163
182,984	-	-	167,196
86,463	-	-	67,276
193,411	-	-	181,363
91,757	-	-	91,757
37,198	-	-	33,848
62,397	-	-	59,033
421,704	-	-	421,704
567,380	-	-	567,380
384,270	-	-	384,270
64,045	-	-	60,965
60,000	-	-	58,516
391,032	-	-	344,022
25,500	-	-	25,500
25,000	-	-	25,000
253,501	-	-	-
119,305	-	-	119,305
139,802	-	-	138,524
197,846	-	-	177,521
87,801	-	-	79,134
<u>\$ 4,059,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,663,347</u>

WESTBROOK HEALTH SERVICES, INC
 BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
 SCHEDULE OF STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS

June 30, 2009

ASSETS

CURRENT ASSETS:

1 Cash	\$ 31,606
2. Short Term Investments	17,703
3. Accounts Receivable - BHHF	396,379
4. Accounts Receivable - Client	68,695
5. Accounts Receivable - Medicaid	560,241
6. Accounts Receivable - Medicaid MR/DD Waiver	679,759
7 Accounts Receivable - Other	221,223
8 Inventory	-
9 Prepaid/Other	<u>54,465</u>
10 TOTAL CURRENT ASSETS	<u>2,030,071</u>
(Total of lines 1-9)	

NON-CURRENT ASSETS:

FIXED ASSETS

11. Property, Land, and Equipment - BHHF	2,948,366
12. Less Accumulated Depreciation	(1,400,291)
13 Property, Land, and Equipment - Other	4,421,382
14 Less Accumulated Depreciation	<u>(2,852,782)</u>
15 Total Property, Land, and Equipment (NET)	3,116,675

OTHER NON-CURRENT ASSETS:

16. Long-Term Investments	-
17. Other	<u>521</u>
18. TOTAL ASSETS	<u><u>\$ 5,147,267</u></u>
(Total of lines 10, 15, 16, and 17)	

(Continued)

WESTBROOK HEALTH SERVICES, INC
 BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
 SCHEDULE OF STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET
 FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS
 (Continued)

June 30, 2009

LIABILITIES

CURRENT LIABILITIES:

19. Accounts Payable	\$ 518,201
20. Taxes Payable	-
21. Line of Credit - Payable	825,000
22. Short-Term Notes Payable	94,340
23. Accrued Expenses	794,668
24. Other Current Liabilities	<u>143,690</u>
25. TOTAL CURRENT LIABILITIES (Total of lines 19-24)	2,375,899

LONG-TERM LIABILITIES

26. Long-Term Notes Payable	4,048
27. Other Long-Term Liabilities	<u>-</u>
28. TOTAL LIABILITIES (Total of lines 25, 26, and 27)	2,379,947

NET ASSETS

29. Unrestricted Net Assets	2,767,320
30. Temporarily Restricted Net Assets	-
31. Permanently Restricted Net Assets	<u>-</u>
32. TOTAL LIABILITIES AND NET ASSETS (Total of lines 28-31)	<u>\$ 5,147,267</u>

WESTBROOK HEALTH SERVICES, INC
 BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
 SCHEDULE OF STANDARDIZED FINANCIAL STATEMENTS - STATEMENT
 OF ACTIVITY FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS

Year Ended June 30, 2009

REVENUE AND SUPPORT

1	Charity Care	
1a	Charity Care - Account 4311.1	\$ (332,240)
1b	Charity Care - Account 4311.2	(581,778)
1c	Charity Care - Account 4312.1	-
1d	Charity Care - Account 4312.2	(272)
1e	Charity Care - Account 4314.1	-
1f	Charity Care - Account 4314.2	-
1g	Charity Care - Account 4315.1	(421,641)
1h	Contractual Write-Off Charity - Account 4337.1	(468,648)
1i	Charity Care Revenue - Account 4329	1,383,937
1j	Support/Alternative Svcs Rev. - Account 4358	421,641
	Total	<u>999</u>
2	Gross Client Service Revenue	17,683,670
3	Contractual Adjustments (Target Funds)	(944,659)
3a	Contractual Adjustments (Non-Target Funds)	<u>(5,959,635)</u>
5	Net Client Service Revenue	<u>10,779,376</u>
	Net Client Service Revenue:	
6	Medicaid (Target Funds)	1,006,997
6a	Medicaid (Non-Target Funds)	1,459,648
7	Medicaid MR/DD Waiver (Non-Target Funds)	7,115,961
8	ICF/MR (Non-Target Funds)	-
9	Private Pay (Non-Target Funds)	199,864
9a	Private Pay (BHFF Target Funds)	53,387
9b	Private Pay (BHFF Non-Target Funds)	-
10	Other Client Service Revenue (Target Funds)	212,986
10a	Other Client Service Revenue (Non-Target Funds)	<u>730,533</u>
11	Total Net Client Service Revenue	10,779,376
	(Line 11 must agree with Line 5)	

(Continued)

WESTBROOK HEALTH SERVICES, INC
 BUREAU FOR BEHAVIORAL HEALTH AND HEALTH FACILITIES
 SCHEDULE OF STANDARDIZED FINANCIAL STATEMENTS - STATEMENT
 OF ACTIVITY FOR COMPREHENSIVE AND MR/DD FACILITIES
 ACCRUAL BASIS
 (Continued)

Year Ended June 30, 2009

12.	BHHF Support	\$ 4,068,315
13.	Other/Public Support	376,183
14.	Other	<u>224,314</u>
15.	TOTAL REVENUE AND SUPPORT (Total of lines 11-14)	<u>\$ 15,448,188</u>
EXPENSES		
16.	Salaries	\$ 9,456,430
17.	Fringe Benefits	1,825,307
18.	Contractual Services	1,343,799
19.	Provider Tax	460,442
19a.	Bad Debt	121,649
19b.	Bad Debt (BHHF Target Funds)	70,326
19c.	Bad Debt (BHHF Non-Target Funds)	-
20.	Depreciation Expense	375,796
21.	Other Expenses	<u>1,940,208</u>
22.	TOTAL EXPENSES (Total of lines 16-21)	<u>15,593,957</u>
23.	NET INCOME (LOSS) (Line 15 minus line 22)	<u>\$ (145,769)</u>

See Independent Auditors' Report

WESTBROOK HEALTH SERVICES, INC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
Major Program:	
<u>Department of Health and Human Services:</u>	
Passed through State of West Virginia Department of Health and Human Resources, Bureau for Behavioral Health and Health Facilities:	
Federal Block Grants:	
Substance Abuse Services	93 959
 Total Major Program	
Non-Major Programs:	
<u>Department of Health and Human Services:</u>	
Passed through State of West Virginia Department of Health and Human Resources, Bureau for Behavioral Health and Health Facilities:	
Substance Abuse and Mental Health Services Grants:	
Screening, Brief Intervention, Referral and Treatment (SBIRT)	93 243
Electronic Medical Record System Enhancements	93 243
Projects for Assistance in Transition from Homelessness (PATH)	93 150
Total Non-Major Programs	
 Total Federal Awards	

See Independent Auditors' Report and Note to Schedule of Expenditures of Federal Awards.

<u>Pass-through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Refundable Advances June 30, 2008</u>	<u>Disbursements/ Expenditures</u>	<u>Refundable Advances June 30, 2009</u>
8793-2009-2885-096-128	\$ 119,305	\$ -	\$ 119,305	\$ -
8793-2009-2890-096-128	191,974	-	139,802	-
8793-2009-2891-096-128	223,019	-	197,846	-
8793-2009-2892-096-128	<u>100,000</u>	<u>-</u>	<u>87,801</u>	<u>-</u>
	634,298	-	544,754	-
8723-2009-2885-096-128	\$ 265,030	\$ -	\$ 253,501	\$ -
8723-2009-2849-096-128	25,500	-	25,500	-
8723-2009-2852-096-128	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
	<u>315,530</u>	<u>-</u>	<u>304,001</u>	<u>-</u>
	<u>\$ 949,828</u>	<u>\$ -</u>	<u>\$ 848,755</u>	<u>\$ -</u>

WESTBROOK HEALTH SERVICES, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2009

1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Westbrook Health Services, Inc , and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Westbrook Health Services, Inc
Parkersburg, West Virginia

We have audited the financial statements of Westbrook Health Services, Inc. (the Organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

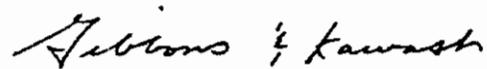
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 09-1, 09-2, 09-3 and 09-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a matter that we reported to management of the Organization in a separate letter dated March 2, 2010.

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



March 2, 2010

DHHR - Finance

MAR 15 2010

Date Received

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
Westbrook Health Services, Inc.
Parkersburg, West Virginia

Compliance

We have audited the compliance of Westbrook Health Services, Inc (the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

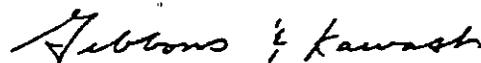
The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness as defined above.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



March 2, 2010

DHHR - Finance

MAR 15 2010

Date Received

WESTBROOK HEALTH SERVICES, INC
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' reports issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 501(a) of Circular A-133? Yes No

Identification of Major programs:

CFDA Number

Name of Federal Program or Cluster

93 959

Substance Abuse Services

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

Auditee qualified as low-risk auditee? Yes No

WESTBROOK HEALTH SERVICES, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2009

Section II - Financial Statement Findings

09-1 SUPERVISORY REVIEW AND APPROVAL

Criteria

A key component of an effective system of internal control is the timely and documented supervisory review and approval of all significant account reconciliations and journal entries prepared by staff level employees, which support the amounts represented in the financial statements.

Condition

Bank reconciliations and journal entries prepared by the staff accountant are not being reviewed by the Chief Financial Officer in a timely manner.

Cause

While the Organization has implemented policies and procedures to require the performance and documentation of supervisory review and approval, these policies are not followed on a consistent basis.

Effect

The unaudited financial statements contained material misstatements.

Recommendation

We recommend that management ensure that all policies and procedures are operating as intended.

Views of Responsible Officer

A monthly reminder will be established using Outlook re. time frames for the review and supervisor reviews. This will be monitored for compliance by the Executive Director

** During FY 2009, Westbrook Health Services initiated a major software conversion that negatively impacted internal controls over all financial reporting. Although litigation was strongly considered, time constraints and manual workload dictated the decision to not proceed*

WESTBROOK HEALTH SERVICES, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2009

Section II - Financial Statement Findings (Continued)

09-2 ACCOUNT RECONCILIATIONS

Criteria

Timely reconciliations of accounts is an integral part of internal control and is crucial for the timely detection of accounting errors, bank errors, and unauthorized transactions

Condition

Cash, accounts receivable, the allowance for doubtful accounts and patient service revenue accounts contained material errors or were not properly adjusted at year end. We also noted that unbilled service logs had not been properly reconciled or recorded on the general ledger.

Cause

Controls related to the reconciliation and review of key accounts were not functioning as designed.

Effect

The unaudited financial statements contained material misstatements.

Recommendation

We recommend that management implement policies and procedures to ensure that account reconciliations are being performed on a monthly basis. The reconciliations should be reviewed by someone other than the preparer and the review should be documented. In addition, we recommend that management implement procedures to ensure that revenue is recognized for all services performed and contractual adjustments are matched to the period that the revenue is recognized.

Views of Responsible Officer

New procedures will be written and implemented by March 30th to assure revenue is recognized in the correct period along with all accounts being reconciled on a monthly basis. There will be a monthly reminder using Outlook for compliance and monitoring by the Executive Director.

WESTBROOK HEALTH SERVICES, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2009

Section II - Financial Statement Findings (Continued)

09-2 ACCOUNT RECONCILIATIONS (Continued)

Views of Responsible Officer (Continued)

** During FY 2009, Westbrook Health Services initiated a major software conversion that negatively impacted internal controls over all financial reporting. Although litigation was strongly considered, time constraints and manual workload dictated the decision to not proceed.*

09-3 FIXED ASSETS

Criteria

The Organization does not have effective procedures established to ensure that all transactions were properly recorded in accordance with accounting principles generally accepted in the United States of America (GAAP)

Condition

The Organization purchased vans with grant funds and neither the asset or grant revenue were recorded

Cause

Internal controls were not designed to detect the misstatement.

Effect

The unaudited financial statements did not include material assets.

Recommendation

Management should develop procedures to ensure that all transactions are recorded in accordance with GAAP.

Views of Responsible Officer

A new procedure to address fixed assets and the recording of these assets will be established by March 30th

WESTBROOK HEALTH SERVICES, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2009

Section II - Financial Statement Findings (Continued)

09-4 FINANCIAL REPORTING

Criteria

Internal control over financial reporting is a process designed by, or under the supervision of the Organization's management and those charged with governance to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other reports for external purposes in accordance with GAAP. It also includes the effectiveness of levels of supervisory review and approval.

Condition

We noted the following deficiencies in financial reporting:

- Journal entries - We noted that the CFO creates and posts journal entries to the general ledger without supervisory review and approval.
- Timely financial reporting - We noted that financial statements are not available for review by the Board of Directors on a timely basis.

Cause

The Organization has not established policies to ensure these controls are in place or functioning as designed.

Effect

The Organization is susceptible to the risk that errors, whether intentional or unintentional, could be made and not detected in a timely manner, causing financial reports to be misleading, and the Organization's management or those charged with governance to make decisions based on inaccurate or untimely information. In addition, this precludes the Board of Directors from providing effective oversight of the Organization.

Recommendation

Management should develop procedures to ensure that all significant journal entries posted to the general ledger system have been reviewed and approved by someone with the requisite knowledge of the Organization's operations and the accounting principles used in preparing their financial statements.

WESTBROOK HEALTH SERVICES, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2009

Section II - Financial Statement Findings (Continued)

09-4 FINANCIAL REPORTING (Continued)

Recommendation (Continued)

We also recommend that policies be implemented to ensure that accurate monthly financial statements be available to the Board of Directors in a timely manner

Views of Responsible Officer

To-date, Board of Directors presentation of financial statements is current and a new procedure will be in place by March 30th to address presentation of the financial statements to the Board of Directors. With regards to journal entries, the CFO reviews all manual journal entries made. From time to time when it is necessary for the CFO to create a manual journal entry, those entries will be reviewed by the Finance Committee of the Board of Directors. A procedure addressing the review of journal entries created by the CFO will be in place by March 30th

** During FY 2009, Westbrook Health Services initiated a major software conversion that negatively impacted internal controls over all financial reporting. Although litigation was strongly considered, time constraints and manual workload dictated the decision to not proceed*

Section III – Federal Award Findings and Questioned Costs

None noted

WESTBROOK HEALTH SERVICES, INC
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2009

2008-1 SUPERVISORY REVIEW

Criteria:

Timely reconciliations of accounts is an integral part of internal control and is crucial for the timely detection of accounting errors.

Condition:

Accrued liabilities and related expense accounts contained misstatements due to the lack of appropriate reconciliations of account balances.

Current Status:

A similar finding was noted during the 2009 audit

March 2, 2010

To the Management and Board of Directors
Westbrook Health Services, Inc.
Parkersburg, West Virginia

In planning and performing our audit of the financial statements of Westbrook Health Services, Inc (the Organization) as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organizations internal control.

However, during our audit we became aware of certain matters that are required to be communicated under *Government Auditing Standards*. We have reported on the Organization's internal control in a separate report dated March 2, 2010. This letter does not affect our report dated March 2, 2010, on the financial statements of the Organization.

IMMATERIAL INSTANCES OF NONCOMPLIANCE

We are required by *Government Auditing Standards* to report immaterial instances of noncompliance to management. We believe the following items to be immaterial instances of noncompliance:

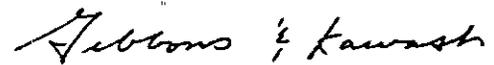
We noted one instance where a credit card overpayment in a prior month was credited totaling \$1,500 to expenses in the following month. We noted an instance where an employee's salary was not properly allocated to the appropriate reporting unit. We noted one instance where an employee's timesheet was not approved by the supervisor prior to releasing timecards for payroll processing. We noted two instances of inaccurate expense codings. We recommend that management ensure that internal control policies regarding supervisory review and approval are operating as designed.

We will review the status of these comments during our next audit engagement. We have already discussed these suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matters, or to assist you in implementing the recommendations.

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March 2, 2010

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gibbons & Kawash".

DHHR - Finance

MAR 15 2010

Date Received