

**HEALTH ACCESS, INC.**

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**INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS**

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**JUNE 30, 2016**

DHHR - Finance

MAY 11 2017

Date Received

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**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Health Access, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Basis for Qualified Opinion***

As explained in Note 1 to the financial statements, significant amounts of services and supplies have been donated to Health Access, Inc. for the year ended June 30, 2016, and have not been recorded in the financial statements. Accounting principles generally accepted in the United States of America require that such donations be recorded at their fair value at the date of receipt. The effects on the accompanying financial statements of the failure to record the donated services and supplies have not been determined.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Health Access, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state grant receipts and expenditures is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Board of Directors  
Health Access, Inc.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016, on our consideration of Health Access, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Health Access, Inc.'s internal control over financial reporting and compliance.

*Jettick + Bartlett, PLLC*

Clarksburg, West Virginia  
December 5, 2016

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MAY 11 2017

Date Received

**HEALTH ACCESS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**

**ASSETS**

**Current Assets**

Cash	\$ 638,369
Medicaid receivable, net	9,152
Prepaid assets	<u>1,648</u>
Total current assets	<u>649,169</u>

**Property and Equipment:**

Building	609,927
Furniture and fixtures	11,536
Office equipment	109,638
Medical equipment	<u>8,121</u>
	739,222
Less: Accumulated depreciation	<u>(221,688)</u>
Net property and equipment	<u>517,534</u>

**TOTAL ASSETS** **\$ 1,166,703**

## LIABILITIES AND NET ASSETS

### Current Liabilities

Accounts payable	\$ 1,947
Accrued payroll and taxes	4,595
Accrued paid leave	<u>25,467</u>
Total current liabilities	<u>32,009</u>

Total liabilities 32,009

### Net Assets

Unrestricted	<u>1,134,694</u>
Total net assets	<u>1,134,694</u>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 1,166,703**

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

**HEALTH ACCESS, INC.**  
**STATEMENT OF ACTIVITIES AND**  
**CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating Revenues, Gains, and Other Support</b>			
Direct public support	\$ 96,265	\$ -	\$ 96,265
United Way	73,675	-	73,675
United Hospital Center	20,000	-	20,000
Dominion	20,000	-	20,000
George F. & Ella P Evans Foundation Grant	17,848	-	17,848
Harrison County	50,000	-	50,000
Doddridge County	10,000	-	10,000
City of Clarksburg	3,000	-	3,000
State grant income	139,923	-	139,923
Breast and Cervical Cancer Program	1,544	-	1,544
Fee income	21,367	-	21,367
Wisewoman	2,610	-	2,610
Other fund-raising income	22,130	-	22,130
Medicaid revenue	21,056	-	21,056
Net assets released from restrictions:			
Restriction satisfied by expenditure of funds	-	-	-
Total operating revenues, gains, and other support	<u>499,418</u>	<u>-</u>	<u>499,418</u>

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



**HEALTH ACCESS, INC.**  
**STATEMENT OF ACTIVITIES AND**  
**CHANGES IN NET ASSETS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Expenses</b>			
Program expenses:			
Salaries and wages	\$ 295,746	\$ -	\$ 295,746
Payroll taxes	24,215	-	24,215
Telephone	5,351	-	5,351
WVDO NIP fees	1,680	-	1,680
WVAFC revenue assessment fee	2,074	-	2,074
Accounting and legal fees	15,795	-	15,795
Contract services	1,054	-	1,054
Repairs and maintenance	10,524	-	10,524
Operating supplies	14,786	-	14,786
Taxes and licenses	360	-	360
Dues and subscriptions	4,941	-	4,941
Insurance	8,552	-	8,552
Depreciation and amortization	20,900	-	20,900
Travel	3,447	-	3,447
Utilities	7,116	-	7,116
Advertising	175	-	175
Provision for uncollectible accounts	4,396	-	4,396
Miscellaneous	1,894	-	1,894
Total program expenses	<u>423,006</u>	<u>-</u>	<u>423,006</u>
Fund-raising expenses:			
Other fund-raising	3,987	-	3,987
Total fund-raising expenses	<u>3,987</u>	<u>-</u>	<u>3,987</u>
Total expenses	<u>426,993</u>	<u>-</u>	<u>426,993</u>
Change in net assets	72,425	-	72,425
Net assets at beginning of year	<u>1,062,269</u>	<u>-</u>	<u>1,062,269</u>
Net assets at end of year	<u>\$ 1,134,694</u>	<u>\$ -</u>	<u>\$ 1,134,694</u>

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

**HEALTH ACCESS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 72,425	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,900	
Provision for uncollectible accounts	4,396	
(Increase) decrease in:		
Grant receivable	28,478	
Medicaid receivable, net	(7,971)	
Prepaid assets	168	
Increase (decrease) in:		
Accounts payable	1,088	
Accrued payroll and taxes	1,888	
Accrued paid leave	519	
Net cash provided by operating activities	\$ 121,891	
<b>Cash Flows From Investing Activities</b>		
Payments for property and equipment	(10,185)	
Net cash (used in) investing activities	(10,185)	
Increase in cash		111,706
Cash at beginning of year		526,663
Cash at end of year		\$ 638,369

**Supplemental Disclosures**

During the year ended June 30, 2016, Health Access, Inc. paid no interest.

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

**HEALTH ACCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

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

**Basis of Presentation**

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

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Designation of Unrestricted Net Assets**

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

**Cash**

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

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2016, the Organization's uninsured cash balances total \$392,633.

**Accounts Receivable, net**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, Medicaid/Medicare, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable account receivable. The allowance for uncollectible accounts at June 30, 2016 was \$4,396.

The accompanying independent auditor's report is an integral part of these notes.

**HEALTH ACCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Land, Property and Equipment**

The Organization capitalizes all expenditures for property and equipment in excess of \$500.

Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the asset.

**Donated Property and Equipment**

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

**Donated Services and Medical Supplies**

Volunteers have donated significant amounts of time to Health Access, Inc. In addition, significant amounts of medical supplies have been donated. No amounts have been reflected in the statements for these donations for the year ended June 30, 2016.

**Public Support, Grants, and Revenues**

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

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

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

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

**Advertising Costs**

All advertising costs incurred during the year ended June 30, 2016 have been expensed.

The accompanying independent auditor's report is an integral part of these notes.

**HEALTH ACCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTD)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Income Taxes**

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

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2015, 2014, 2013, are subject to examination by the IRS, generally for 3 years after they were filed.

**Estimates**

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

**2. Medicaid Receivable**

Medicaid receivable, the allowance for contractual adjustments, and uncollectable accounts consist of the following at June 30, 2016:

Gross medicaid receivable	\$	18,671
Less: Allowance for contractual adjustments		(5,123)
Allowance for uncollectible accounts		<u>(4,396)</u>
Medicaid receivable, net	\$	<u>9,152</u>

**3. Prepaid Assets**

Prepaid assets at June 30, 2016, consist of the following:

Prepaid insurance	\$	<u>1,648</u>
Total		<u>\$ 1,648</u>

The accompanying independent auditor's report is an integral part of these notes.

**HEALTH ACCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**4. Temporarily Restricted Net Assets**

There were no temporarily restricted net assets at June 30, 2016.

**5. Related Party Transactions**

The Organization paid Cava & Banko, PLLC, \$10,075 in accounting fees for the year ended June 30, 2016. The treasurer of Health Access Inc., Andrew Banko, is a member of the above mentioned accounting firm. They provide bookkeeping, payroll, and tax preparation services to Health Access, Inc. on a monthly basis.

**6. Subsequent Events**

The Organization's management evaluated the effect subsequent events would have on the financial statements through December 5, 2016 which is the date the financial statements were available to be issued.

The accompanying independent auditor's report is an integral part of these notes.

HEALTH ACCESS, INC.  
 SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2016

<u>Identifying State Grant Information</u>	<u>Period of Time</u>	<u>Amount of Award</u>	<u>Receipt of Funds</u>	<u>Expenditure (Refund) of Funds</u>
DHHR - Health Right/Free Clinic Primary Care #G160298	07/01/15-06/30/16	<u>\$ 139,923</u>	<u>\$ 139,923</u>	<u>\$ 139,923</u>



**Tetrick & Bartlett, PLLC**

**Certified Public Accountants  
Consultants**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Health Access, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2016. Our report includes a qualified opinion on such financial statements because significant amounts of services and supplies have been donated to Health Access, Inc. for the year ended June 30, 2016, and have not been recorded in the financial statements.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Health Access, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Health Access, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Health Access, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item #2016-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

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

### **Health Access, Inc.'s Response to Findings**

Health Access, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Health Access, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Letnick + Barlett, PLLC*

Clarksburg, West Virginia  
December 5, 2016

DHHR - Finance

MAY 11 2017

Date Received

**HEALTH ACCESS, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**#2016-001 Accounts Receivable Reconciliation**

**Criteria:** Controls over reconciling the accounts receivable should prevent or detect material misstatements in operational results so that it is not necessary to make significant corrections or adjustments to those results.

**Condition:** The control system failed to prevent or detect a material misstatement identified by the auditor.

**Cause:** The control system does not include a process to reconcile gross Medicaid receivable and revenue and provide for an allowance for contractual adjustments and uncollectible accounts.

**Effect:** Medicaid receivable and allowances for contractual adjustments and uncollectible accounts and Medicaid revenue and provision for uncollectible accounts were understated due to a lack of accounts receivable reconciliation. The misstatements were corrected with audit adjustments proposed by the auditor and accepted by management.

**Recommendation:** We recommend that the Organization implement a control system that includes a process to reconcile accounts receivable and allowances for contractual adjustments and uncollectible accounts.

**Entity's Response:** Management agrees with this recommendation and will implement a control system that includes a process to reconcile accounts receivable and allowances for contractual adjustments and uncollectible accounts.

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