

ST. MARY'S HEALTH WAGON

Financial Statements

For the Year Ended December 31, 2012



BOSTIC, TUCKER

& COMPANY, P.C.

Certified Public Accountants

P.O. Box 505, Lebanon, VA 24266

(276) 889-3103

MEMBER
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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**ST MARY'S HEALTH WAGON, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

ASSETS

CURRENT ASSETS

Cash & Investments	\$	1,601,649
Grant Receivable		<u>114,126</u>

TOTAL CURRENT ASSETS \$ 1,715,775

PROPERTY AND EQUIPMENT

Property and Equipment	\$	663,415
Less: Accumulated Depreciation		(132,541)
Land		<u>28,000</u>

TOTAL PROPERTY AND EQUIPMENT \$ 558,874

RESTRICTED ASSETS

Cash	\$	<u>273,383</u>
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TOTAL RESTRICTED ASSETS \$ 273,383

TOTAL ASSETS \$ 2,548,032

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	46,983
Salaries Payable		25,479
Accrued Payroll Liabilities		4,210
Accrued Compensation Absences		<u>60,156</u>

TOTAL CURRENT LIABILITES \$ 136,828

NET ASSETS

Unrestricted	\$	2,137,822
Permanently Restricted		<u>273,382</u>

TOTAL NET ASSETS \$ 2,411,204

TOTAL LIABILITIES AND NET ASSETS \$ 2,548,032

The notes to the Financial Statements are an integral part of this statement.

ST. MARY'S HEALTH WAGON, INC.
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES &
CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

RECEIPTS:

Designated Income	\$ 20,207
Contributions	306,132
Patient Fees	21,209
Grants	1,152,165
In-kind Revenue	<u>28,000</u>

TOTAL RECEIPTS **\$ 1,527,713**

EXPENDITURES:

Advertising	\$ 4,157
Bank Fees	139
Building & Maintenance	3,238
Computers & IT	8,489
Consulting Services	274,287
Depreciation	24,188
Education	6,417
Fringe Benefits	112,540
Gifts & Sympathy	1,003
Grant Capital Purchases	125,331
Insurance	23,164
Membership Fees	17,419
Medical Services Expenses	46,325
Mobile Unit Expense	28,901
Office Supplies & Expense	42,392
Payroll Taxes	51,173
Postage	4,615
Professional Fees	42,314
Public Relations Expense	1,342
Rent	7,500
Salaries & Wages	633,314
Travel & Meals	32,348
Utilities	<u>37,593</u>

TOTAL EXPENDITURES **\$ 1,528,189**

EXCESS RECEIPTS OVER (EXPENDITURES) **(476)**

The notes to the Financial Statements are an integral part of this statement.

ST. MARY'S HEALTH WAGON, INC.
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES &
CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

OTHER INCOME (EXPENSE)

Investment Income	\$ 31,953
Unrealized Gain / (Loss)	75,764
Brokerage Fees	<u>(7,168)</u>

TOTAL OTHER INCOME (EXPENSE)	<u>\$ 100,549</u>
EXCESS RECEIPTS AND OTHER INCOME OVER (EXPENDITURES)	\$ 100,073
BEGINNING UNRESTRICTED NET ASSETS	1,937,749
TRANSFER FROM RESTRICTED ASSETS	<u>100,000</u>
ENDING UNRESTRICTED NET ASSETS	<u>\$ 2,137,822</u>

The notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES &
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

RECEIPTS:

RAM Donations	\$ <u>76,921</u>	
TOTAL RECEIPTS		\$ 76,921

EXPENDITURES:

RAM Expense	\$ <u>56,090</u>	
TOTAL OPERATION EXPENSE		\$ <u>56,090</u>

INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	\$ <u>20,831</u>
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RECEIPTS:

Sullivan Endowment	\$ <u>-0-</u>	
TOTAL RECEIPTS		\$ -0-

EXPENDITURES:

Sullivan Endowment	\$ <u>-0-</u>	
TOTAL OPERATION EXPENSE		\$ <u>-0-</u>

INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	\$ <u>-0-</u>
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The notes to the Financial Statements are an integral part of this statement.

**ST. MARY'S HEALTH WAGON, INC.
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES &
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

RECEIPTS:

UBCF Grant	\$ <u> -0-</u>	
TOTAL RECEIPTS		\$ -0-

EXPENDITURES:

UBCF Grant	\$ <u> 1,793</u>	
TOTAL OPERATION EXPENSE		\$ <u> 1,793</u>

INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	\$ <u> (1,793)</u>
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RECEIPTS:

Smiddy Checking	\$ <u> 11,000</u>	
TOTAL RECEIPTS		\$ 11,000

EXPENDITURES:

Smiddy Expenses	\$ <u> 1,503</u>	
TOTAL OPERATION EXPENSE		\$ <u> 1,503</u>

INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	\$ <u> 9,497</u>
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INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	\$ 28,535
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BEGINNING PERMANENTLY RESTRICTED NET ASSETS	\$ <u> 344,847</u>
LESS: TRANSFER TO UNRESTRICTED NET ASSETS	(100,000)

ENDING PERMANENTLY RESTRICTED NET ASSETS	\$ <u> 273,382</u>
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The notes to the Financial Statements are an integral part of this statement.

ST. MARY'S HEALTH WAGON, INC.
STATEMENT OF CASH FLOWS (DIRECT METHOD)
DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Total Net Assets		\$	128,608
Adjustments to Reconcile Excess Revenue			
Over Expenses to Net Cash from Operations:			
Depreciation	\$		24,188
Donated Land Included as In-kind Receipts			(28,000)
Change in Assets and Liabilities			
Increase in Grant Receivable			(2,064)
Increase in Accounts Payable			33,271
Increase in Salaries Payable			4,111
Decrease in Accrued Compensation			(3,069)
Decrease in Accrued Payroll Liabilities			1,147
			29,584
NET CASH FLOW PROVIDED (USED) BY OPERATIONS		\$	158,192

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	\$		(10,768)
Construction of Building			(173,918)
			(184,686)

CASH FLOW FROM FINANCING ACTIVITIES

		\$	-0-
NET INCREASE (DECREASE) IN CASH		\$	(26,494)
BEGINNING CASH BALANCE **			<u>\$ 1,901,525</u>
ENDING CASH BALANCE **			<u>\$ 1,875,031</u>

**** (Includes Unrestricted and Permanently Restricted Balances)**

The notes to the Financial Statements are an integral part of this statement.

ST. MARY'S HEALTH WAGON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Mission

In keeping with our beliefs that health care is a right for all, we work to ensure availability of quality health care to those who come to us in need. We strive to above all provide services with dignity ever mindful of this God given privilege. In order to fulfill our mission, we believe in healing the mind, body and soul: consistent with and supportive of our philosophy of healing continuous to our commitment to collaborating, spirituality, and empowerment are the basic values motivating our ministry.

B. Purpose

The purpose of the corporation is to oversee the delivery of primary health care to indigent people in Dickenson, Wise, and Buchanan Counties.

C. Financial Statement Presentation

The statement presented in accordance with generally accepted accounting principles. The statement is presented in accordance with the principles of fund accounting, whereby receipts and expenditures are classified into funds according to specified purposes.

D. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles of The United States of America. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

F. Accounts Receivable

Accounts receivable are recorded at the amount of the company expects to collect on balances outstanding at year-end.

**ST. MARY'S HEALTH WAGON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

G. Depreciation

Equipment and furniture and other assets are being depreciated over estimated useful lives, which range from five to seven years, using the straight-line method of depreciation. Building are being depreciated over estimated useful life, which is 39 years, using the straight-line method of depreciation. Depreciation expense of \$24,188 has been applied for year ended December 31, 2012.

H. Income Taxes

Income taxes are not provided for in the financial statements since the Agency is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

J. Advertising Cost

Advertising cost is expensed when incurred. Advertising was \$12,850 for the year ended December 31, 2012.

NOTE 2: ENDOWMENT FUND

The Water F. Sullivan Health Care Endowment Fund provides to support the mission of the Health Wagon. The use of the endowment is permanently restricted to be expended on behalf of indigent people in Dickenson, Buchanan, and Wise Counties.

On November 11, 2011, St. Mary's Health Wagon has granted permission to access \$100,000 from the Bishop Sullivan Endowment for the Wise Building Project. In 2012, St. Mary's Health Wagon transferred the amount from Restricted Net Assets to Unrestricted Net Assets in the amount of \$100,000.

On December 31, 2012, the fund totaled \$124,000.

**ST. MARY'S HEALTH WAGON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 3: CASH

As of December 31, 2012, cash consisted of the following:

<u>Account</u>	<u>Financial Institution</u>	<u>2012</u>
Checking - Operating	New People's Bank	\$ 411,117
Checking - PayPal	New People's Bank	175
Petty Cash	The Health Wagon	201
Morgan Stanley Smith Barney	MSSB	<u>1,190,156</u>
TOTAL UNRESTRICTED		<u>\$ 1,601,649</u>
RAM Checking	New People's Bank	\$ 110,033
Smiddy Bank Account	New People's Bank	31,143
UBCF Grant Checking	New People's Bank	8,207
Sullivan Endowment	UVEST	<u>124,000</u>
TOTAL PERMANENTLY RESTRICTED		<u>\$ 273,383</u>
TOTAL CASH		<u>\$ 1,875,032</u>

NOTE 4: HRSA GRANTS

The Department of Health and Human Services, awarded the St. Mary's Health Wagon and administers the following Grants:

The Affordable Care Act: Nurse Managed Health Care Clinic Grant (HRSA 2) was awarded on September 24, 2010. This grant has a reimbursable amount rewarded in the sum of \$1,493,634. The project period is from September 30, 2011 through September 29, 2013.

HRSA Grant #2

Contingent Grant Receivable:

09/30/2012 through 09/29/2013

653,402

Contingent HRSA Grant #2:

\$ 653,402

**ST. MARY'S HEALTH WAGON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 5: EQUIPMENT

Fixed assets held by the Agency consist of the following:

<u>Description</u>	<u>2012</u>
Land	\$ 28,000
Building	492,271
Furniture & Equipment	12,569
Office Equipment	68,475
Mobile Unit	<u>90,100</u>
TOTAL FIXED ASSETS	\$ 691,415
Less: Accumulated Depreciation	<u>(132,541)</u>
TOTAL FIXED ASSETS NET OF ACCUMULATED DEPRECIATION	\$ <u>558,874</u>

NOTE 6: CONCENTRATIONS OF CREDIT RISK (Cash balances at a single financial institution)

The Company maintains its cash balances at New Peoples Bank located in Clintwood, Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2012, the Company's uninsured cash balances total \$473,708 as reported on the bank statements. The cash balance reported on the balance sheet, \$560,675.

The Company maintains investments at Morgan Stanley Smith Barney Brokerage in the amount of \$1,314,156 as of December 31, 2012. The Company uninsured amount is \$1,315,156. Investments within a brokerage are not FDIC Insured.

NOTE 7: SUBSEQUENT EVENTS

As of August 30, 2012 no reportable subsequent events have occurred and subsequent events will not be considered after this date.

ST. MARY'S HEALTH WAGON, INC.

**ST. MARY'S HEALTH WAGON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 8: PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to Unrestricted Net Assets because the organization failed to reflect \$63,225 in accrued compensation absence, balance as of December 31, 2011.

NOTE 9: ANNUAL LEAVE

Employees will earn annual leave based on their employment status and consecutive years in a leave eligible status. This time will be accrued per pay period while the employee remains in an eligible status.

Full-Time

0-5 years of service:	80 hours (3.077 hours accrued each pay period up to a maximum of 120 hours)
5-9 years of service:	120 hours (4.606 hours accrued each pay period up to a maximum of 180 hours)
10 + years of service:	160 hours (6.154 hours accrued each pay period up to a maximum of 240 hours)

Part-Time

0-5 years of service:	40 hours (1.539 hours accrued each pay period up to a maximum of 120 hours)
5-9 years of service:	60 hours (2.308 hours accrued each pay period up to a maximum of 180 hours)
10 + years of service:	80 hours (3.077 hours accrued each pay period up to a maximum of 240 hours)

Vacation accruals are computed from the beginning date of employment. Employees may only accumulate one and one-half times their annual vacation amount and any amount over that will not accrue and be forfeited. Pay in lieu of vacation is not allowed, except by special periodic programs. Transfer of accrued time from one employee to another is not allowed.

ST. MARY'S HEALTH WAGON, INC.
SCHEDULE OF REVENUE AND EXPENDITURES
RURAL HEALTH CARE SERVICES OUTREACH GRANT PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule 1

Revenue \$ 38,659

Expenditures

Salaries & Wages	\$ 23,931
Fringe Benefits	5,530
Supplies	2,242
Travel	539
Contractual Cost	<u>6,417</u>

Total Expenditures \$ 38,659

ST. MARY'S HEALTH WAGON, INC.
SCHEDULE OF REVENUE AND EXPENDITURES
AFFORDABLE CARE ACT: NURSE MANAGED HEALTH CLINICS
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule 2

Revenue: \$ 493,463

Expenditures:

Salaries & Wages	\$ 183,480
Fringe Benefits	49,709
Equipment	18,639
Travel	14,940
Materials & Supplies	7,545
Other Expense	32,978
Contractual Cost	<u>186,172</u>

Total Expenditures \$ 493,463

ST. MARY'S HEALTH WAGON, INC.
SCHEDULE OF REVENUE AND EXPENDITURES
AFFORDABLE CARE ACT: HEALTH CENTER PLANNING GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule 3

Revenue;		\$	68,978
Expenditures:			
Salaries & Wages	\$	13,857	
Other Cost		18,061	
Indirect Cost		1,860	
Contractual Cost		<u>35,200</u>	
Total Expenditures		\$	68,978

ST. MARY'S HEALTH WAGON, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule 4

FEDERAL GRANTING AGENCY/RECEIPT STATE AGENCY/GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOGUE NUMBER	EXPENDITURES
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Payments		
Health Resources and Services Administration	93.912	\$ 38,659
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Payments		
Health Resources and Services Administration	93.515	493,463
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Payments		
Health Resources and Services Administration	93.527	68,978
Total Federal Expenditures		<u><u>\$ 601,100</u></u>

**ST. MARY'S HEALTH WAGON, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2012**

Schedule 5

Section I -- Summary of Auditor Results

Financial Statements

Type of opinion issued:	Unqualified
Internal control over financial reporting:	
Material Weakness(es) identified?	No
Significant deficiencies in internal control were disclosed by the audit of the financial statements?	No
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs:	No
Material Weakness(es) identified?	No
Significant deficiencies in internal control were disclosed by the audit of the financial statements?	No
Type of auditor's opinion issued on compliance for major programs:	Unqualified
Any findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Major programs identified:	<u>CFDA</u>
Health Resources and Services Admin.	93.515

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low risk?	Yes