



Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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ACCOUNTANTS' COMPILATION REPORT

Ms. Esther L. Muna
Acting Chief Executive Officer
Commonwealth Healthcare Corporation:

We have compiled the accompanying statement of net assets of the Commonwealth Healthcare Corporation (CHCC) as of September 30, 2012, and the related statement of revenues, expenses and changes in net assets for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States or America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did become aware of certain departures from accounting principles generally accepted in the United States of America that are described in the fourth and fifth paragraphs below.

CHCC has not recorded capital assets, accumulated depreciation and depreciation expense as of and for the year ended September 30, 2012. The lack of recording capital assets is a departure from accounting principles generally accepted in the United States of America.

A statement of cash flows for the year ended September 30, 2012 has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results of operations.

Reconciliation of accounts receivable and inventories has not been performed as of and for the year ended September 30, 2012. The effects on revenues and expenses on the statements of revenues, expenses and changes in net assets are not determinable.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about CHCC's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

A handwritten signature in black ink, appearing to read "Michael Pai". The signature is written in a cursive, flowing style.

Michael Pai, CPA
Public Auditor

June 1, 2013

COMMONWEALTH HEALTHCARE CORPORATION

Statement of Net Assets
September 30, 2012

(See Accompanying Accountants' Compilation Report)

ASSETS

Current assets:	
Cash	\$ 6,975,505
Receivables:	
General	180,109,336
Other	498
	<u>180,109,834</u>
Less allowance for doubtful accounts	(180,114,216)
Total receivables, net	<u>(4,382)</u>
Inventories	<u>392,804</u>
	<u>\$ 7,363,927</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 6,608,242
Due to other funds	907,724
Accrued payroll	1,738,996
Accrued taxes	1,688,732
Other accrued expenses	2,675,513
Note payable	<u>3,328,655</u>
Total liabilities	<u>16,947,862</u>
Net assets:	
Restricted	-
Unrestricted	<u>(9,583,935)</u>
Total net assets	<u>(9,583,935)</u>
	<u>\$ 7,363,927</u>

COMMONWEALTH HEALTHCARE CORPORATION

Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2012

(See Accompanying Accountants' Compilation Report)

Operating revenues:	
Hospital services	\$ 18,939,301
Other revenue	1,403,048
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Total operating revenues	20,342,349
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Operating expenses:	
Wages and salaries	15,869,510
Utilities	4,959,282
Employee benefits	4,816,278
Supplies	4,536,571
Cleaning services	552,837
Professional services	469,594
Repair and maintenance	360,675
Recruitment/repatriation	308,129
Communications	283,176
Fuel and lubricants	244,475
Personnel insurance	121,062
Food items	118,943
Furniture and fixtures	79,789
Printing and photocopying	60,908
Freight and handling	47,670
Licenses and fees	37,371
Machinery and equipment	26,890
Building improvements	7,400
Rentals	4,800
Office equipment	1,828
Miscellaneous	675,152
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Total operating expenses	33,582,340
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Operating loss	(13,239,991)
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Nonoperating income (expense):	
Interest expense	(100,255)
Transfers in	3,756,311
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Total nonoperating income (expense), net	3,656,056
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Change in net assets	(9,583,935)
Net assets at beginning of year	<hr/>
Net assets at end of year	\$ (9,583,935)