



Ebenezer Medical Outreach, Inc. • 1448 Tenth Avenue, Suite 100 • Huntington, WV 25701
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MEMORANDUM

May 18, 2010

TO: Division of Audits

FROM: Yvonne L. Jones
Ebenezer Medical Outreach, Inc.

RE: 2008 Audit

Enclosed is a copy of the audit for Ebenezer Medical Outreach for the 2008 year. You may have already received a copy, if so please ignore this copy. We should be receiving our 2009 audit within the month. As soon as we have it, we will forward a copy to you.

DHHR - Finance

MAY 20 2010

Date Received

**EBENEZER MEDICAL OUTREACH, INC.
(A NON-PROFIT ORGANIZATION)
CONSOLIDATED FINANCIAL STATEMENTS**

YEARS ENDED JUNE 30, 2008 AND 2007

DHHR - Finance

MAY 20 2010

Date Received

EBENEZER MEDICAL OUTREACH, INC.
CONSOLIDATED FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION
YEARS ENDED JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ebenezer Medical Outreach, Inc.
Huntington, West Virginia

We have audited the accompanying consolidated statement of financial position of Ebenezer Medical Outreach, Inc (a non-profit organization) as of June 30, 2008 and 2007 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ebenezer Medical Outreach, Inc as of June 30, 2008 and the changes in its net assets and its cash flows for the year 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 September 12, 2009 on our consideration of Ebenezer Medical Outreach, 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 result 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 important for assessing the results of our audit.

DHHR - Finance



September 12, 2009

MAY 20 2010

Date Received

EBENEZER MEDICAL OUTREACH, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

| | ASSETS | |
|--|----------------------------|--------------------------|
| | <u>2008</u> | <u>2007</u> |
| CURRENT ASSETS | | |
| Cash | \$ 275,854 | \$ 75,630 |
| Short-term investments, at fair value | 75,134 | 79,732 |
| Note receivable – related party | <u>657,340</u> | <u>657,340</u> |
| TOTAL CURRENT ASSETS | <u>1,008,328</u> | <u>812,702</u> |
| PROPERTY AND EQUIPMENT | | |
| CDMP equipment | 78,663 | 78,663 |
| Clinical equipment | 30,267 | 30,267 |
| Office equipment | 60,488 | 48,961 |
| Dental clinic equipment | <u>46,851</u> | <u>46,851</u> |
| | 216,269 | 204,742 |
| Less: Accumulated depreciation | <u>(162,923)</u> | <u>(141,097)</u> |
| TOTAL PROPERTY, PLANT AND EQUIPMENT - NET | <u>53,346</u> | <u>63,645</u> |
| OTHER ASSETS | | |
| Prepaid expenses | 2,232 | 4,349 |
| Beneficial Interest – Dental Auxiliary Fund | <u>44,738</u> | <u>43,090</u> |
| TOTAL ASSETS | \$ <u>1,108,644</u> | \$ <u>923,786</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 6,856 | 6,676 |
| Accrued payroll liabilities and taxes | <u>35,573</u> | <u>48,105</u> |
| TOTAL LIABILITIES | <u>42,429</u> | <u>54,781</u> |
| NET ASSETS | | |
| Unrestricted | | |
| Designated for daily program operation | 965,670 | 753,073 |
| Investment in property, plant and equipment | <u>53,346</u> | <u>63,645</u> |
| TOTAL UNRESTRICTED | 1,019,016 | 816,718 |
| Temporarily restricted | 985 | 699 |
| Permanently restricted | <u>46,214</u> | <u>51,588</u> |
| TOTAL NET ASSETS | <u>1,066,215</u> | <u>869,005</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>1,108,644</u> | \$ <u>923,786</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

EBENEZER MEDICAL OUTREACH, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
JUNE 30, 2008 AND 2007

| | <u>2008</u> | <u>2007</u> |
|---|----------------------------|--------------------------|
| REVENUES: | | |
| Contributed professional services | \$ 1,613,759 | \$ 1,704,417 |
| Contributed supplies and equipment | 2,980,210 | 3,479,121 |
| Contributions | 147,355 | 166,069 |
| Reimbursed costs | -0- | -0- |
| Miscellaneous income | 5,904 | -0- |
| Investment return | <u>2,479</u> | <u>12</u> |
| TOTAL UNRESTRICTED REVENUES | <u>4,749,707</u> | <u>5,349,619</u> |
| Net assets released from restriction: | | |
| Satisfaction of program restrictions | <u>814,183</u> | <u>605,027</u> |
| TOTAL NET ASSETS RELEASED FROM RESTRICTIONS | <u>814,183</u> | <u>605,027</u> |
| TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT | <u>5,563,086</u> | <u>5,954,646</u> |
| EXPENSES | | |
| Program services | 5,203,633 | 5,845,747 |
| Management and general | 143,655 | 134,196 |
| Fundraising | <u>20,160</u> | <u>27,373</u> |
| TOTAL EXPENSES | <u>5,367,448</u> | <u>6,007,316</u> |
| (Decrease) increase in unrestricted assets | 195,562 | (52,670) |
| CHANGES IN TEMPORARILY RESTRICTED NET ASSETS: | | |
| Temporary Restricted Revenues – Dental Trust | \$ 285 | \$ 699 |
| Temporarily restricted grant monies | 814,183 | 605,027 |
| Net assets released from restrictions | <u>(814,183)</u> | <u>(605,027)</u> |
| Increase (decrease) in temporarily restricted net assets | <u>285</u> | <u>699</u> |
| CHANGES IN PERMANENTLY RESTRICTED NET ASSETS: | | |
| Contributions UMF – Dental Auxiliary Fund | \$ -0- | \$ 40,577 |
| Net Gains (Losses) – Beneficial Interest of Dental Auxiliary Fund | <u>1,363</u> | <u>1,814</u> |
| Increase in Permanently Restricted Net Assets | <u>1,363</u> | <u>42,391</u> |
| Increase (decrease) in net assets | 197,210 | (9,580) |
| NET ASSETS AT BEGINNING OF YEAR | 869,005 | 878,585 |
| NET ASSETS AT END OF YEAR | \$ <u>1,066,215</u> | \$ <u>869,005</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

EBENEZER MEDICAL OUTREACH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>Program</u> <u>Services</u> | <u>Management</u> <u>and</u> <u>General</u> | <u>Fundraising</u> | <u>Total</u> <u>Expenses</u> |
|--|-----------------------------------|---|-------------------------|---------------------------------|
| Salaries and wages | \$ 322,355 | \$ 69,170 | \$ 8,767 | \$ 400,292 |
| Benefits and taxes | 33,525 | 7,036 | 828 | 41,389 |
| Equipment rental/purchases | 7,147 | -0- | -0- | 7,147 |
| Travel | 3,520 | 1,733 | -0- | 5,253 |
| Insurance | 14,172 | 3,324 | -0- | 17,496 |
| Meeting/Training costs | 4,275 | 1,003 | -0- | 5,278 |
| Memberships and dues | 8,530 | -0- | -0- | 8,530 |
| Supplies | 46,039 | 4,759 | -0- | 50,798 |
| Printing and reproduction | 2,123 | 548 | 754 | 3,425 |
| Postage | 6,102 | 723 | 1,205 | 8,030 |
| Subscriptions, books and Publications | 194 | -0- | -0- | 194 |
| Advertising | 483 | -0- | -0- | 483 |
| Telephone | 3,269 | 817 | -0- | 4,086 |
| Other services | 1,235 | -0- | -0- | 1,235 |
| Contributed professional medical services | 2,980,210 | -0- | -0- | 2,980,210 |
| Contributed Professional Services – other | 465,291 | 24,489 | -0- | 489,780 |
| Contributed Supplies & Equipment | 1,123,979 | -0- | -0- | 1,123,979 |
| Professional costs | 14,754 | 1,824 | -0- | 16,578 |
| Repairs and maintenance | 5,848 | | | 5,848 |
| Lease expense | 124,025 | 21,887 | -0- | 145,912 |
| Program costs | 11,705 | -0- | 8,606 | 20,311 |
| Depreciation | 19,796 | 2,031 | | 21,827 |
| Miscellaneous | 5,056 | 4,311 | | 9,367 |
| TOTAL | \$ <u>5,203,633</u> | \$ <u>143,655</u> | \$ <u>20,160</u> | \$ <u>5,367,448</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

EBENEZER MEDICAL OUTREACH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total Expenses</u> |
|--|-----------------------------|---------------------------------------|-------------------------|----------------------------|
| Salaries and wages | \$ 335,596 | \$ 79,376 | \$ 13,648 | \$ 428,620 |
| Benefits and taxes | 45,130 | 8,353 | 1,433 | 54,916 |
| Equipment rental/purchases | 2,868 | 2,166 | -0- | 5,034 |
| Travel | 3,763 | 1,206 | -0- | 4,969 |
| Insurance | 14,330 | 3,364 | -0- | 17,694 |
| Meeting/Training costs | 6,248 | 1,565 | 165 | 7,978 |
| Memberships and dues | 1,678 | -0- | -0- | 1,678 |
| Supplies | 68,373 | 4,050 | -0- | 72,423 |
| Printing and reproduction | 2,520 | 630 | 630 | 3,780 |
| Postage | 7,452 | 677 | 1,016 | 9,145 |
| Subscriptions, books and Publications | 70 | -0- | -0- | 70 |
| Advertising | 382 | -0- | -0- | 382 |
| Telephone | 4,028 | 1,007 | -0- | 5,035 |
| Other services | 1,759 | -0- | -0- | 1,759 |
| Contributed professional medical services | 1,557,149 | -0- | -0- | 1,557,149 |
| Contributed professional services - other | 147,268 | -0- | -0- | 147,268 |
| Contributed supplies and equipment | 3,479,121 | -0- | -0- | 3,479,121 |
| Professional costs | 11,782 | -0- | -0- | 11,782 |
| Repairs and maintenance | 4,017 | -0- | -0- | 4,017 |
| Lease expense | 104,887 | 13,722 | -0- | 118,609 |
| Program costs | 27,646 | -0- | 10,481 | 38,127 |
| Interest expense | 151 | -0- | -0- | 151 |
| Depreciation | 19,529 | 2,169 | -0- | 21,698 |
| Miscellaneous | -0- | 15,911 | -0- | 15,911 |
| TOTAL | \$ <u>5,845,747</u> | \$ <u>134,196</u> | \$ <u>27,373</u> | \$ <u>6,007,316</u> |

EBENEZER MEDICAL OUTREACH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (Decrease) in net assets | \$ 197,210 | \$ (9,580) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 21,827 | 21,698 |
| (Increase) in Beneficial Interests-- Dental Auxiliary Fund | (1,648) | (43,090) |
| Changes in: | | |
| Value of investments held | (4,598) | 16,654 |
| Grant receivables | -0- | 20,477 |
| Other assets | 2,137 | 2,206 |
| Accounts payable | 180 | 561 |
| Accrued payroll Liabilities | <u>(12,532)</u> | <u>6,385</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>211,772</u> | <u>15,311</u> |
| CASH FLOWS (USED IN) INVESTING ACTIVITIES: | | |
| Purchases of equipment | <u>(11,548)</u> | <u>(16,424)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 200,224 | (1,113) |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>75,630</u> | <u>76,743</u> |
| ENDING CASH AND CASH EQUIVALENTS | \$ <u>275,854</u> | \$ <u>75,630</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

EBENEZER MEDICAL OUTREACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1- NATURE OF ACTIVITIES

Ebenezer Medical Outreach, Inc was incorporated to provide basic primary health care to persons unable to obtain such care through currently existing health programs, to serve as a medical screening and referral resource for the community in which it serves, to serve as a demonstration project by providing information and data to other charitable activities for the promotion of public welfare, and to engage in such other duly authorized and lawful acts or activities as may be carried on by non-profit corporations. The Organization receives its funding from various federal and state grants and other non-profit organizations and receives substantial donated services and goods. These contributed goods and services approximate 83% and 86% of the revenues of the Organization for 2008 and 2007, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with the accrual basis of accounting. The following information summarizes the accounting policies:

Basis of Accounting

Ebenezer Medical Outreach, Inc. prepares its financial statements in conformity with the accrual basis of accounting whereby support and revenue are recognized when earned as opposed to when received, and expenses are recognized when the obligation is incurred as opposed to when paid. Also, all contributions are considered available for unrestricted use unless specifically restricted by the donor.

Financial Statement Presentation

Financial statement presentation follows Statement of Financial Accounting Standards (SFAS) No 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No 117, 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 based upon the existence or absence of donor imposed restrictions. In addition, the Organization is required to present a statement of cash flows. At June 30, 2008 and 2007, the Organization had unrestricted, temporarily restricted and permanently restricted net assets.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory - Supplies

Inventory—supplies are charged to expense in the period during which they are purchased instead of being recognized as an asset until consumed. Such supplies inventory amounts are not material to the financial statements.

Short-Term Investments

The Organization has adopted SFAS No 124, investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change of net assets.

EBENEZER MEDICAL OUTREACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost. Major expenses and those which substantially increase useful lives are capitalized at cost. Maintenance, repairs and minor renewals are charged to operations when incurred. When equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. The cost of equipment is depreciated over the estimated useful lives of the related assets which range from 5 to 7 years. Depreciation is computed on the straight-line method for financial reporting purposes. For 2008 and 2007 depreciation expense totaled \$21,827 and \$21,698, respectively.

Functional Expenses

The Organization allocates its expenses on a functional basis. Expenses are allocated according to their natural expense classification.

Income Taxes

The Organization is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Organization is classified by the Internal Revenue Service as an other than private foundation.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contribution of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills which would typically need to be purchased if not provided by donation. For the years ended, June 30, 2008 and 2007, professional medical service fees include the value of services donated by physicians, pharmacists, dieticians and nurses which amounted to \$3,469,990 and \$1,704,417 respectively.

Contributed Supplies and Equipment

Contributed supplies and equipment are reflected in the financial statements at the estimated fair value at the date of receipt. For the years ended June 30, 2008 and 2007, contributed supplies and equipment amounted to \$1,123,979 and \$3,479,121 respectively.

EBENEZER MEDICAL OUTREACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During 2008 and 2007 advertising costs totaled \$483 and \$382 respectively.

Joint Costs

In 2008 and 2007, the organization incurred joint costs relative to the various programs they operate of \$773,479 and \$823,778, respectively. These costs were allocated to program, management and general, and fund raising expenses in the amounts of \$634,153, \$119,166 and \$20,160 and \$662,209, \$134,196 and \$27,373, respectively.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - SUMMARY OF GRANT AGREEMENTS

The following summarizes grant awards which were active during the year July 1, 2007 through June 30, 2008.

| <u>Description</u> | <u>Grant Period</u> | <u>Amount of Award</u> |
|---|----------------------|------------------------|
| U. S. Department of Labor | | |
| Workforce WV Douglas Center Grant | 7/01/07 to 6/30/08 | \$ 27,580 |
| WV Department of Health and Human Resources | | |
| Primary Care Grant (2007) | 07/01/07 to 06/30/08 | 454,373 |
| Breast and Cervical Cancer Screening Program | 06/30/07 to 06/29/08 | 26,281 |
| FEDERAL/AIDS Grant (2008-2009) | 01/01/08 to 12/31/09 | 55,651 |

**EBENEZER MEDICAL OUTREACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 - SUMMARY OF GRANT AGREEMENTS (CONTINUED)

| <u>Description</u> | <u>Grant Period</u> | <u>Amount of Award</u> |
|--|----------------------|------------------------|
| Other Funding: | | |
| Greater Kanawha RC & D | 01/01/08 to 12/31/08 | \$ 1,700 |
| Alcon | 01/01/08 to 12/31/08 | 20,000 |
| The Avon Foundation Breast Care Fund | 01/01/08 to 12/31/08 | 30,500 |
| Pretera Center for Mental Health Service, Inc Youth Violence Prevention Grant | 07/01/07 to 06/30/08 | 9,296 |
| WV Burea of Public Health Outreach Grant | 06/01/07 to 07/31/08 | 8,000 |
| United Way of the River Cities, Inc United Way (2008) | 01/01/08 to 12/31/08 | 10,486 |
| Huntington Clinical | 01/01/08 to 12/31/08 | 10,000 |
| Delta Dental | 07/01/06 to 06/30/07 | 15,000 |
| WV Association of Free Clinics | 07/01/06 to 02/28/07 | 9,600 |
| Cabell County Commission | 08/01/06 to 06/30/07 | 20,000 |
| Marshall University Ovarian Cancer Grant | 07/01/07 to 06/30/08 | 2,500 |

NOTE 4 - OTHER GRANT AGREEMENTS

The Organization has received funding to operate a community pharmacy for indigent and low- income patients. The funding has been received from numerous sources, including St Mary's Hospital and Cabell Huntington Hospital, \$50,000 each per year during fiscal years ended June 30, 2008 and 2007

EBENEZER MEDICAL OUTREACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5- INVESTMENTS

Investments in securities with readily determinable fair values are carried at fair value and for the years ended June 30, 2008 and 2007 had carrying values of \$73,194 and \$77,668, respectively

Net realized gains from investments totaled \$6,586 and \$7,792, respectively, for the years ended June 30, 2008 and 2007

NOTE 6 – BENEFICIAL INTEREST – DENTAL AUXILIARY FUND

In 2007, a donor established a trust with the United Methodist Foundation of West Virginia, Inc., naming the organization as the beneficiary of the trust. Under terms of the management, the annual net income and accumulated income from prior years from the fund shall be made available to Ebenezer Medical Outreach for use in dentistry as determined from year to year by the director of the dental clinic upon written approval of the President and Secretary of the Huntington Dental Society. Additional funds may be contributed to the fund at any time and the additional income therefrom shall be subject to the terms specified in the agreement.

The fair value of the trust, as reported by the trustee, is reported in the Statement of Financial Position as Beneficial Interest-- Dental Auxiliary Fund and as Permanently Restricted Net Assets. The fund earned \$286 and \$699 interest income in 2008 and 2007 respectively, which was recorded as Temporarily Restricted Revenue.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

The Organization reports grants and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets released from restrictions. Net assets were temporarily restricted in the amounts of \$985 and \$699 for 2008 and 2007, respectively.

NOTE 8 - PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted in the amount of \$ 51,588 and \$46,214 at 2008 and 2007, respectively. Permanently restricted net assets are comprised of donations to the Organization with the restriction that the interest will be available for the administrative expenses of the Organization or will be accumulated and added to the principal as the Board deems necessary.

NOTE 9 - CONCENTRATIONS

The Organization receives significant in-kind contributions of services provided by doctors, nurses and other medical trained persons. The Organization also receives significant in-kind contributions of pharmaceutical supplies. A loss of these contributed services could have an adverse effect on the amount and type of services provided.

EBENEZER MEDICAL OUTREACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - CONTINGENT LIABILITIES

The Organization's programs are generally funded from federal, state, and local sources, principal of which are programs of the West Virginia Department of Health and Human Resources. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed under the terms of the grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

NOTE 11 - RELATED PARTY TRANSACTION

The Organization was the managing partner of a limited partnership until December 31, 2003. The partnership renovated a building to house the operation of the Organization and lease other parts of the building to several not-for-profit entities. The renovation project was funded through grants and loans from various entities. During fiscal years ended June 30, 2008 and 2007 the Organization did not receive and nor pay any monies on behalf of the partnership. Additionally, the Organization is reporting \$657,340 as a note receivable relating to a loan made to the partnership.

NOTE 12 - SUBSIDIARY INFORMATION

The accompanying consolidated financial statements include the accounts of Ebenezer Medical Outreach, Inc. at June 30, 2008. The company has one subsidiary, EMOS, Inc. Net loss for the subsidiary for the years ended December 31, 2008 and 2007 were (\$19) and (\$9), respectively. The subsidiary is also responsible for its proportionate share of the recourse liabilities of the Douglas Center Limited Partnership which totaled \$3,814,088 at December 31, 2008.

NOTE 13 - RESTATEMENT

The accompanying financial statements for fiscal year 2007 have been restated to report the effects of contributions to the Dental Auxiliary Fund (Note 6). The effect of the restatement was to increase total assets by \$43,090, and Temporarily and Permanently Restricted Revenues by \$699 and \$42,391, respectively.

ACCOMPANYING INFORMATION

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PUBLIC ACCOUNTANTS
WA SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON ACCOMPANYING INFORMATION

To the Board of Directors of
Ebenezer Medical Outreach, Inc.

Our report on our audit of the basic consolidated financial statements of Ebenezer Medical Outreach, Inc for the year ended June 30, 2008 appears on page one. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of State Revenues and Expenses is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



September 12, 2009

DHHR - Finance

MAY 20 2010

Date Received

EBENEZER MEDICAL OUTREACH, INC.
SCHEDULE OF STATE REVENUE AND EXPENSES - PRIMARY CARE
FOR THE GRANT AWARD YEAR ENDED JUNE 30, 2008

REVENUE

| | |
|-------|-------------------|
| Grant | \$ <u>454,373</u> |
|-------|-------------------|

EXPENSES

| | |
|----------------------------|-----------------------|
| Salaries & Wages | 241,038 |
| Travel | 15 |
| Lease | 100,464 |
| Equipment and Vehicle | 6,821 |
| Program Costs | 7,177 |
| Other Costs | 30,710 |
| Meeting and Training Costs | 342 |
| Professional Costs | <u>3,846</u> |
| TOTAL EXPENSES | <u>390,413</u> |

| | |
|--|-------------------------|
| Excess of revenue over expenses | \$ <u>63,960</u> |
|--|-------------------------|

REPORT ON COMPLIANCE AND INTERNAL CONTROL

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ACCOUNTANTS

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

Board of Directors
Ebenezer Medical Outreach, Inc
Huntington, West Virginia

We have audited the consolidated financial statements of Ebenezer Medical Outreach, Inc (a non profit organization) as of and for the year ended June 30, 2008 , and have issued our report thereon dated September 12, 2009 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 Ebenezer Medical Outreach, Inc internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ebenezer Medical Outreach, Inc internal control over financial reporting Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control We consider the deficiencies described in the accompanying schedule of findings and responses, item 2008-01, to be a significant deficiency in internal control over financial reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses However, we believe the significant deficiency described above as 2008-01 is a material weaknesses.

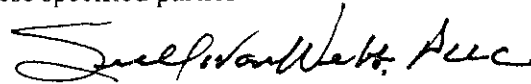
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ebenezer Medical Outreach, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 2008-1.

We noted certain matters that we reported to management of Ebenezer Medical Outreach, Inc. in a separate letter dated September 12, 2009.

Ebenezer Medical Outreach, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Ebenezer Medical Outreach, Inc.'s response accordingly, we express no opinion of it.

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



September 12, 2009

DHHR - Finance

MAY 20 2010

Date Received

EBENEZER MEDICAL OUTREACH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

No. 2008 -01 – Invoices Not Available to Support Expenditures

CONDITION:

Ebenezer Medical Outreach, Inc. was unable to provide sufficient documentations to support several expenditures during the year

CRITERIA:

Proper internal controls mandate. That an organization have adequate policies and procedures in place to assure that the organization shall not expend money for unauthorized purposes or in an unauthorized manner.

CAUSE:

Ebenezer Medical Outreach, Inc. could not supply invoices or other documentation to support several disbursements, which we requested during the course of our audit testing

EFFECT:

Lack of supporting documentation may be an indication that the organization has incurred charges which may not be allowable expenses

RECOMMENDATION:

Ebenezer Medical Outreach, Inc., should obtain adequate supporting documentation (receipts, invoices, etc.) for all expenditures of Organization Funds and retain these documents as support that all disbursements were for allowable costs

AUDITED AGENCY'S RESPONSE:

While there was no documentation to support several expenditures during the year, all checks are signed by at least one board member, most often being the treasurer and the Executive Director. Each check has supporting documentation that is reviewed by the board member prior to signing. We believe this to be a filing error.

However, in an effort to ensure that proper internal controls are in place, we are enlisting the services of a CPA to assist in our financial procedures.

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MANAGEMENT LETTER

To the Board of Directors
Ebenezer Medical Outreach, Inc.
Huntington, West Virginia

In planning and performing our audit of the consolidated financial statements of Ebenezer Medical Outreach, Inc. and its subsidiary for the year ended June 30, 2008, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operation efficiency. Our comments and suggestions regarding those matters are summarized herein. We reported on the Organization's internal control in our report dated September 12, 2009. This letter does not affect our report dated September 12, 2009, on the consolidated financial statements of Ebenezer Medical Outreach, Inc..

We are submitting for your consideration the following comments that are opportunities for strengthening internal controls, and improving operating efficiency. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or reportable internal control conditions, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. We will be pleased to discuss the comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions, do not hesitate to contact us.

Consistent Use of the Accounting Information System

We noted that receipts and disbursements are entered into the accounting system frequently, however, assets and liabilities are not adjusted during the year, subsidiary ledgers are not maintained for receivables and accounts payable, and only the operating bank account is periodically reconciled.

We recommend that subsidiary ledgers be maintained for all receivables and accounts payable and that transactions be entered into Quickbooks in a manner to enable timely financial reporting and to simplify reconciliation of account balances.

To the Board of Directors
Ebenezer Medical Outreach, Inc
Page 2

Outstanding Checks – First Sentry Checking Account

During our audit, we noted in excess of \$10,000 in un-cleared checks which have been outstanding for more than one year

We recommend that management research these outstanding checks to determine if they have cleared the bank. Those that have cleared should be removed from the outstanding check listing. Those that have not cleared should be researched to determine if they have been voided or are actually still outstanding.

Approval/Cancellation of Invoices

In certain instances, we noted that invoices were not signed to indicate approval for payment nor cancelled in such a way as to prevent the chance of repayment. Procedures must be in place to insure that all invoices are approved by the executive director or designee and all invoices/sales receipts must be cancelled ("Marked Paid")

Segregation of Duties

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

These comments are intended solely for the information of management and Board of Directors of Ebenezer Medical Outreach, Inc. and are not intended to be and should not be used by anyone other than these specified parties.



September 12, 2009

DHHR - Finance

MAY 20 2010

Date Received