

CHANGE, INC.

WEIRTON, WV

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

DHHR - Finance

JUN 7 2010

Date Received



SEACHRIST, KENNON & MARLING, A.C.
CERTIFIED PUBLIC ACCOUNTANTS

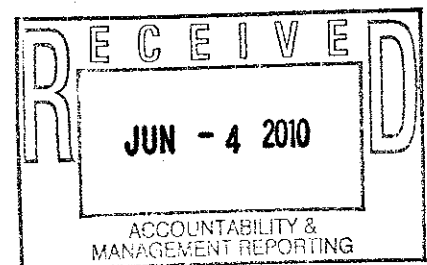
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CHANGE, Inc :

We have audited the accompanying statements of financial position of CHANGE, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses 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.

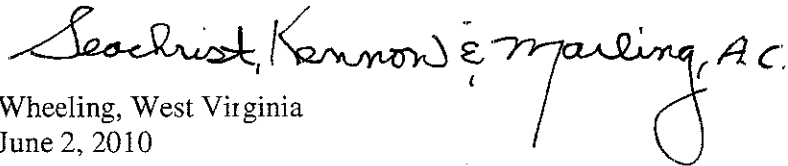
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan 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.

As more fully discussed in Note 2, it is the Organization's policy to expense fixed assets purchased with grant funds. This practice differs from accounting principles generally accepted in the United States of America, which require fixed assets to be capitalized on the statement of financial position and systematic depreciation charges made to operations over the estimated useful lives of the assets. It was not practicable to determine the effect of this departure from accounting principles generally accepted in the United States of America on the financial statements.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of CHANGE, Inc. as of December 31, 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 June 2, 2010, on our consideration of CHANGE, 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* and is important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of CHANGE, Inc. taken as a whole. The schedule of expenditures of state awards is presented for the purpose of additional analysis and is not a required part of the financial statements of CHANGE, Inc. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Wheeling, West Virginia
June 2, 2010

DHHR - Finance

JUN 7 2010

Date Received

CHANGE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 268,415	\$ 92,607
Accounts receivable - grants, contracts and contributions	254,908	141,139
Accounts receivable - medical fees, net of allowance for uncollectible accounts of \$549,141 and \$159,779	516,188	121,946
Deposits and prepaid expenses	31,994	21,354
Total current assets	<u>1,071,505</u>	<u>377,046</u>
Inventory:		
Pharmacy	57,364	42,263
Weatherization	60,701	20,925
Total inventory	<u>118,065</u>	<u>63,188</u>
Property and equipment, net - Note 4	1,438,380	1,462,159
Capital Lease Equipment, net - Note 8	101,664	-
Other Assets	3,547	-
Total assets	<u>\$ 2,733,161</u>	<u>\$ 1,902,393</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 147,952	\$ 132,674
Accrued wages and benefits	568,455	106,242
Deferred revenue	12,530	43,744
Mortgages and notes payable, current portion - Note 6	53,461	57,740
Capital Lease Obligation - Note 8	19,463	-
Lines of credit - Note 6	146,108	64,625
Total current liabilities	<u>947,969</u>	<u>405,025</u>
Mortgages and notes payable, net of current portion - Note 6	1,161,009	1,216,461
Capital Lease Obligation, net of current portion - Note 8	84,433	-
Total liabilities	<u>2,193,411</u>	<u>1,621,486</u>
Net assets:		
Unrestricted	<u>539,750</u>	<u>280,907</u>
Total net assets	<u>539,750</u>	<u>280,907</u>
Total liabilities and net assets	<u>\$ 2,733,161</u>	<u>\$ 1,902,393</u>

The accompanying notes are an integral part of these financial statements

CHANGE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>UNRESTRICTED NET ASSETS</u>		
Revenues and other support:		
Federal support	\$ 3,258,089	\$ 1,753,098
State support	344,342	323,717
Local support	112,206	62,355
Program service fees	32,438	41,335
Medical third party and self pay revenue	2,796,041	1,146,726
Service contracts	240,025	336,668
Donations and contributions	14,555	12,122
Donated services and materials - Note 3	1,809,190	1,538,993
Other income	56,961	57,683
Gingerbread Corner sales	-	15,753
Total revenues and other support	<u>8,663,847</u>	<u>5,288,450</u>
Expenses:		
Salaries	3,413,051	1,749,254
Fringe benefits	680,041	361,768
Office expenses	102,688	68,114
Materials and supplies	774,622	399,294
Insurance	66,760	51,947
Telephone and utilities	113,077	73,070
Travel / training	82,520	74,382
Equipment and maintenance	483,614	326,019
Contractual	350,389	157,672
Donated services and materials - Note 3	1,809,190	1,538,993
Program expenses and support	2,752	72,050
Bad debt expense	94,178	69,861
Other expenses	178,584	98,327
Outreach	10,856	11,921
Interest	56,479	61,132
Depreciation	101,457	92,034
Amortization	11,296	-
Gain (loss) on disposal of fixed assets	12,602	-
Cost of sales - Gingerbread Corner	-	11,955
Legal and accounting	60,848	11,681
Total expenses	<u>8,405,004</u>	<u>5,229,474</u>
Increase (decrease) in unrestricted net assets	258,843	58,976
Net assets, beginning of year	<u>280,907</u>	<u>221,931</u>
Net assets, end of year	<u>\$ 539,750</u>	<u>\$ 280,907</u>

The accompanying notes are an integral part of these financial statements

CHANGE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Program	Management and General	Fundraising	Total 2009	Total 2008
	\$	\$	\$	\$	\$
Salaries	2,559,788	785,002	68,261	3,413,051	1,749,254
Fringe benefits	510,031	156,409	13,601	680,041	361,768
Office expenses	77,016	23,618	2,054	102,688	68,114
Materials and supplies	580,967	178,163	15,492	774,622	399,294
Insurance	50,070	16,690	-	66,760	51,947
Telephone and utilities	84,807	26,008	2,262	113,077	73,070
Travel	61,890	18,980	1,650	82,520	74,382
Equipment and maintenance	362,711	111,231	9,672	483,614	326,019
Contractual	262,792	87,597	-	350,389	142,535
Donated services and materials	1,809,190	-	-	1,809,190	1,538,993
Program expenses and support	2,752	-	-	2,752	72,050
Bad debt expense	94,178	-	-	94,178	69,861
Other expenses	133,938	41,074	3,572	178,584	98,327
Outreach	8,142	2,497	217	10,856	11,921
Interest and service charges	42,359	14,120	-	56,479	61,132
Depreciation	76,093	23,335	2,029	101,457	92,034
Amortization	11,296	-	-	11,296	-
Gain (loss) on disposal of fixed assets	12,602	-	-	12,602	-
Cost of sales - Gingerbread Corner	-	-	-	-	11,955
Legal and accounting	45,636	13,995	1,217	60,848	26,818
	<u>\$ 6,786,258</u>	<u>\$ 1,498,719</u>	<u>\$ 120,027</u>	<u>\$ 8,405,004</u>	<u>\$ 5,229,474</u>

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

CHANGE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Cash flows from operating activities:		
Increase in net assets	\$ 258,843	\$ 58,976
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	101,457	92,034
Amortization	11,296	-
(Gain) loss on sale of fixed assets	12,602	-
Bad debt expense	94,178	69,861
Donated property	(3,547)	-
Changes in assets and liabilities:		
(Increase) decrease in grants, contracts and contributions receivable	(113,769)	41,335
(Increase) in medical fees receivable	(488,420)	(87,893)
(Increase) in inventories	(54,877)	(19,241)
(Increase) decrease in deposits and prepaid expenses	(10,640)	(4,156)
Increase in accounts payable and accrued liabilities	477,491	90,381
Increase (decrease) in deferred revenue	(31,214)	27,263
Net cash provided by operating activities	253,400	268,560
Cash flows from investing activities:		
Construction in progress	(27,667)	(35,710)
Purchase of fixed assets	(33,527)	(3,329)
Net cash (used) by investing activities	(61,194)	(39,039)
Cash flows from financing activities:		
Proceeds from long term debt	52,396	102,537
Principal payments on capital lease equipment	(9,064)	-
Principal payments on long term debt	(59,730)	(248,086)
Net cash (used) by financing activities	(16,398)	(145,549)
Net increase (decrease) in cash and cash equivalents	175,808	83,972
Cash and cash equivalents at beginning of year	92,607	8,635
Cash and cash equivalents at end of year	\$ 268,415	\$ 92,607

The accompanying notes are an integral part of these financial statements

CHANGE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$ 56,911</u>	<u>\$ 84,203</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>
Schedule of non-cash investing and financing activities:		
Loan proceeds for the purchase of fixed assets and debt payments	<u>\$ 29,087</u>	<u>\$ 59,201</u>
Purchase of fixed assets with loan proceeds	<u>\$ (29,087)</u>	<u>\$ (59,201)</u>
Capital lease equipment financed	<u>\$ 112,960</u>	<u>\$ -</u>
Purchase of capital lease equipment	<u>\$ (112,960)</u>	<u>\$ -</u>
Donated property	<u>\$ (3,547)</u>	<u>\$ -</u>

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

CHANGE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass Through Agency Program Title	Grant Period	Program	Grant or Award Number	Federal CFDA #	Accounts Receivable 12/31/2008	Deferred Revenue 12/31/2008	2009 Revenue Recognized	2009 Expenditures	Accounts Receivable 12/31/2009	Deferred Revenue 12/31/2009
Department of Housing and Urban Development										
Passed through the City of Wheeling										
HOME Investment Partnership Program										
First Time Home Buyers - Brooke	January 2009-December 2009	FTHB	N/A	14.239	\$ 1,682	\$	\$ 7,019	\$ 7,019	\$ 431	\$
First Time Home Buyers - Hancock	January 2009-December 2009	FTHB	N/A	14.239	1,513		7,991	7,991	592	
First Time Home Buyers - Weirton	January 2009-December 2009	FTHB	N/A	14.239	3,195		3,650	3,650	333	
							18,640	18,640	1,356	
Passed through the City of Weirton										
Community Development Block Grant	July 2008-June 2009	CDBG	B-08-MC-54-0004	14.218	1,278		3,297	3,297		
Community Development Block Grant	July 2009-June 2010	CDBG	B-09-MC-54-0004	14.218			3,946	3,946		
					1,278		7,243	7,243		
					4,473		25,883	25,883	1,356	
Total Department of Housing and Urban Development										
Department of Justice										
Passed through the State of West Virginia Division of Criminal Justice Services										
Criminal Justice Services	May 1, 2008-April 30, 2009	DEL PREV.	2008-JL-FX-0133	16.540	5,945		40,899	40,899		
Criminal Victim Assistance	July 2008-June 2009	VOCA	09-926	16.575	2,985		10,367	10,367		
Criminal Victim Assistance	July 2009-June 2010	VOCA	10-1038	16.575			10,642	10,642	3,686	
WV Coalition Against Domestic Violence	November 2007-May 2009	LAV	2004-WL-AX0040	16.524	7,699		6,162	6,162		
WV Coalition Against Domestic Violence	May 2009-June 30, 2010	LAV	2004-WL-AX0040	16.524			16,307	16,307	1,701	
					16,629		84,377	84,377	5,387	
					16,629		84,377	84,377	5,387	
Total Department of Justice										
Department of Transportation										
Passed through the West Virginia Department of Transportation Division of Public Transit										
Division of Public Transit	December 1, 2008-June 30, 2009	JARC	F-37-4040	20.516	10,414		55,586	55,586		
Division of Public Transit	July 1, 2009-June 30, 2010	JARC	F-37-4040	20.516			67,540	67,540	14,366	
					10,414		123,126	123,126	14,366	
Total Department of Transportation										
Department of Homeland Security										
Passed through United Way of America										
Emergency Food and Shelter Program	January 1, 2009-December 31, 2009	EFSGP	LRO898460-008	97.024			4,400	4,400		
							4,400	4,400		
Total Department of Homeland Security										

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

CHANGE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass Through Agency Program Title	Grant Period	Program	Grant or Award Number	Federal CFDA #	Accounts Receivable 12/31/2008	Deferred Revenue 12/31/2008	2009 Revenue Recognized	2009 Expenditures	Accounts Receivable 12/31/2009	Deferred Revenue 12/31/2009
Department of Health and Human Services										
Family Violence Prevention and Services/Grants for Bureau of Children and Families										
Public Awareness Earned Income Tax Credit	October 1, 2008-September 30, 2009	ETIC	G90497	93.558		7,918	7,918	7,918		4,433
Public Awareness Earned Income Tax Credit	October 1, 2009-September 30, 2010	ETIC	G100509	93.558		7,918	3,567	3,567		4,433
Protective Services for Children and Adults										
Family Violence Prevention and Services Act	July 1, 2008-June 30, 2009	DHHR	G090183	93.671		11,756	44,768	44,768		
Family Violence Prevention and Services Act	July 1, 2009-June 30, 2010	DHHR	G100266	93.671		11,756	32,476	32,476		
Investigations and Technical Assistance (BCCSP)	June 30, 2008-June 29, 2009	BCCSP	BC09-1013	93.283	1,733		9,156	9,156		
Investigations and Technical Assistance (BCCSP)	June 30, 2009-June 29, 2010	BCCSP	BC10-1014	93.283	1,733		10,335	10,335	4,761	
							19,491	19,491	4,761	
Subtotal WV Department of Health and Human Services					1,733	19,674	108,220	108,220	4,761	4,433
Passed through the West Virginia Bureau for Public Health										
Threat Preparedness	June 1, 2009-December 31, 2009	THR PREP	G490952	93.889			14,825	14,825		
Subtotal WV Bureau for Public Health							14,825	14,825		
Passed through the West Virginia Office of Economic Opportunity										
Community Service Block Grant (carryover)	January 1, 2008-March 31, 2009	CSBG	2008-0003	* 93.569	32,931		30,584	30,584		
Community Service Block Grant	January 1, 2009-December 31, 2009	CSBG	2009-0003	* 93.569			439,165	439,165	8,542	
Community Service Block Grant (Agreement)	May 1, 2009-June 30, 2009	CSBG	2009-0029	* 93.569			886	886		
Community Service Block Grant (ARRA)	July 1, 2009-December 29, 2010	CSBG	2009-0003A	* 93.710			633,221	633,221	19,896	
					32,931		1,103,856	1,103,856	28,438	
WV Homeless Shelters Program ESCP	July 1, 2008-June 30, 2009	ESCP	2008-1136	14.231	4,055		5,956	5,956		
WV Homeless Shelters Program ESCP	July 1, 2009-June 30, 2010	ESCP	2009-1136	14.231			12,718	12,718	1,888	
					4,055		18,674	18,674	1,888	
Low Income Energy Assistance Program	October 1, 2006-Current	LIEAP	2007-1402	* 93.568			1,675	1,675		
Energy Crisis Intervention Program	November 1, 2008-March 15, 2009	ECIP	N/A	* 93.568	2,107		5,952	5,952		
Low Income Energy Assistance	April 1, 2008-March 31, 2009	WX DHHR	2008-1002	* 93.568	8,979		81,389	81,389		
Low Income Energy Assistance	April 1, 2009-June 30, 2010	WX DHHR	2009-1002	* 93.568			248,147	248,147		
					8,979		329,536	329,536		
Subtotal West Virginia Governors Office of Ec. Opp.					48,072		1,459,693	1,459,693	30,326	

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

CHANGE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass Through Agency Program Title	Grant Period	Program	Grant or Award Number	Federal CEEDA #	Accounts Receivable 12/31/2008	Deferred Revenue 12/31/2008	2009 Revenue Recognized	2009 Expenditures	Accounts Receivable 12/31/2009	Deferred Revenue 12/31/2009
Passed through Office of Community Service Ohio Valley Sites	October 1, 2009-September 30, 2010	OCS	90ET056402	93.570		4,970	4,970	4,970		
Subtotal Office of Community Service						4,970	4,970	4,970		
Total Department of Health and Human Services					49,805	24,644	1,587,708	1,587,708	35,087	4,433
Department of Energy										
Passed through West Virginia Governors Office of Economic Opportunity										
OEO Weatherization Assistance to Low Income Persons	April 1, 2008-March 31, 2009	WX DOE	2008-1002	* 81.042	21,620		18,557	18,557		
OEO Weatherization Assistance to Low Income Persons	April 1, 2009-June 30, 2010	WX DOE	2009-1002	* 81.042			89,270	89,270	20,066	
OEO Weatherization Assistance to Low Income Persons	April 1, 2009-June 30, 2010	WX ARRA.DOE	2009-1002	* 81.042			376,914	376,914	104,419	3,109
OEO Weatherization Assistance to Low Income Persons	April 1, 2009-June 30, 2010	WX ARRA.DOE & T&TA	2009-1002	* 81.042			22,051	22,051	5,188	
Total Department of Energy					21,620		506,792	506,792	129,673	3,109
Department of Health and Human Services										
Human Resources and Services Administration										
Human Resources and Services Administration	May 1, 2008-April 30, 2009	HRSA	H80CS08238-02-00	* 93.224			177,338	177,338		
Human Resources and Services Administration	May 1, 2009-April 30, 2010	HRSA	H80CS08238-03-00	* 93.224			418,602	418,602		
Human Resources and Services Administration	March 27, 2009-March 26, 2011	HRSA ARRA 18H08	1HBCS11724-01-00	* 93.703			82,119	82,119	10,956	
Human Resources and Services Administration	June 29, 2009-June 28, 2011	HRSA ARRA 1808	C81CS13452-01-02	* 93.703			227,313	227,313	18,501	
Total Department of Health and Human Services							905,372	905,372	29,457	
USDA										
Passed through West Virginia Department of Education										
Child and Adult Food Care Program	October 1, 2008-September 30, 2009	CACFP	61765	10.558			1,409	1,409		
Child and Adult Food Care Program	October 1, 2009-September 30, 2010	CACFP	61765	10.558			2,179	2,179	638	
Summer Food Service Program	October 1, 2008-September 30, 2009	S FOOD	61774	10.559			16,844	16,844		4,989
Total USDA							20,432	20,432	638	4,989
Total Federal Awards					\$ 102,941	\$ 24,644	\$ 3,258,090	\$ 3,258,090	\$ 215,964	\$ 12,531

* Major Programs

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of CHANGE, Inc. and is presented on the accrual basis of accounting. 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

CHANGE, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

State Grantor/Pass Through Agency Program Title	Grant Period	Grant or Award Number	Federal CFDA #	Accounts Receivable 12/31/2008	Deferred Revenue 12/31/2008	2009 Revenue Recognized	2009 Expenditures	Accounts Receivable 12/31/2009	Deferred Revenue 12/31/2009
West Virginia Department of Health and Human Resources Passed through the West Virginia Bureau of Children and Families	July 1, 2008-June 30, 2009	G090183	N/A	\$	\$ 19,100	\$ 76,891	\$ 76,891	\$	\$
	July 1, 2009-June 30, 2010	G100266	N/A		19,100	71,757	71,757		
Protective Services for Victims of Domestic Violence Protective Services for Victims of Domestic Violence	July 1, 2008-June 30, 2009	G090042	N/A			96,851	96,851		
	July 1, 2009-June 30, 2010	G100078	N/A			53,844	53,844		
OCHS/Division of Primary Care Uncompensated Care Uncompensated Care	July 1, 2008-June 30, 2009	G090073	N/A			150,695	150,695		
	July 1, 2009-June 30, 2010	G100117	N/A			26,100	26,100		
Mortgage Debt Reduction Mortgage Debt Reduction	July 1, 2008-June 30, 2009	G090073	N/A			18,900	18,900		
	July 1, 2009-June 30, 2010	G100117	N/A			45,000	45,000		
Total West Virginia Department of Health and Human Resources				\$	\$ 19,100	\$ 344,343	\$ 344,343	\$	\$

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

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 1 – Nature of Operations:

CHANGE, Inc. is a nonprofit organization, which was formed in 1983 under the laws of the State of West Virginia. The Organization provides assistance to very low to moderate income and/or unemployed residents of the four counties in the northern panhandle of West Virginia and the surrounding communities in Ohio and Pennsylvania. In fulfilling its mission, CHANGE, Inc. provides decent, safe, sanitary and affordable housing opportunities for qualifying families, and develops and administers programs and services that help decrease social dependence and increase self-sufficiency, community involvement, and awareness and opportunities for those at risk. CHANGE, Inc. provides these services with funding from various federal, state, local and private sources.

From 1998 to April 12, 2005, CHANGE, Inc. operated a free health clinic after a needs assessment of the area showed that 100 percent of CHANGE, Inc.'s clients had no health insurance and Weirton Medical Center reported an influx of low-income patients beyond their financial capabilities. This free clinic provided prescription and preventative health services to uninsured residents of Brooke and Hancock Counties in West Virginia.

On April 12, 2005, CHANGE, Inc. formed Family Medical Care, Inc., a community health medical center. The transition from a free clinic to Family Medical Care, Inc. was made to meet the overwhelming increase in demand for services mostly due to the 10,000 employees and retirees of Weirton Steel who had lost their jobs, pensions and health insurance. With the transition, patients now have access to quality health care based on a sliding scale regardless of income level, insurance status, or residence through funding from federal, state, local and private sources, as well as third party and private program income. Family Medical Care, Inc. is operated as a department of CHANGE, Inc.

On July 1, 2009, CHANGE, Inc. opened Women's Health Center, a part of Family Medical Care Women's Health Center is located within Weirton Medical Center and provides gynecological services regardless of income level. Now low income and uninsured women can receive the same level of care as insured patients.

Note 2 – Summary of Significant Accounting Policies:

Basis of presentation – The financial statements of CHANGE, Inc. (the Organization) have been prepared in conformity with accounting principles generally accepted in the United States of America, with the exception of the capitalization of certain fixed assets.

Basis of combination – Intercompany transactions have been eliminated in the financial statements for the years ended December 31, 2009 and 2008.

Basis of accounting – CHANGE, Inc. prepares its financial statements using the accrual basis of accounting.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 2 – Summary of Significant Accounting Policies (continued):

Account classification – Revenue and expense information is maintained separately for each grant funded to CHANGE, Inc. as required by the various funding sources

Equipment and vehicles – In accordance with grant award budgets approved by the various funding sources, equipment and vehicles purchased with grant funds under cost reimbursement grants are charged to expense in the period in which they are purchased rather than being recorded as assets and depreciated over their estimated useful life. As a result, the expenses reflected in the statements of activities and changes in net assets include the cost of equipment and vehicles purchased during the year rather than a provision for depreciation for those assets acquired with grant funds.

The equipment acquired is owned by CHANGE, Inc. while it is used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds there from, is subject to funding source regulations.

Buildings – CHANGE, Inc. owns several buildings that are used for program specific purposes. The buildings are acquired with the aid of grant awards and private funding and are shown on the statements of financial position. As noted above, the portion of the building or renovations that are paid for with grant funds are charged to expense when the buildings are purchased or renovations are made.

Fixed assets – debt financed or non-grant expenditures – Fixed assets acquired with local or corporate funds, or debt-financed, are capitalized at cost and depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows: 15 to 40 years for buildings and improvements and 3 to 5 years for equipment and vehicles.

Interest expense related to debt-financed fixed assets is charged to unrestricted (corporate) funds for those grants that do not allow interest expense.

Capital leases – Equipment acquired through capital lease with medical third party or self pay revenue is capitalized at cost and amortized. Amortization is calculated using the straight-line method over the term of the lease.

Interest expense related to the lease is charged to the medical third party or self pay revenues.

Accounts receivable – Accounts receivable are stated at the net of the allowance for doubtful accounts. The allowance is established through a provision for bad debts charged to expense. Accounts are charged off against the allowance when management believes that the collection of the accounts is unlikely. The allowance is an amount which management believes will be adequate to absorb possible losses on outstanding accounts that may become uncollectible based on evaluations of the collectability of accounts and prior bad debt expense.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 2 – Summary of Significant Accounting Policies (continued):

Inventory – Inventory is recorded on a first-in first-out basis at cost for the Weatherization and Pharmacy programs.

Cash and cash equivalents – For the purpose of the Statement of Cash Flows, CHANGE, Inc considers all investments with an original maturity date of three months or less to be cash equivalents

Revenues – Revenues are recognized in the accompanying financial statements as follows:

Grants and Reimbursement Contracts – The funds due from the various funding sources under grants and reimbursement contracts are recognized as revenue in the program year when the expenditures are incurred and the grant funds earned.

Program Income – The amount due from various sources is recognized when earned.

Interest Income – Interest income is recognized in the accounting period in which it is received. CHANGE, Inc. maintains funds received from various sources in interest-bearing checking accounts. The portion of interest earned on federal funds is applied to the federal funding sources in accordance with grant requirements. The interest earned on other funds is transferred to the corporate accounts and is used to support the programs of the Organization.

Donations, Contributions and Promises to Give – All donations and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year in which the contribution was recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. Temporarily restricted net assets are reclassified to unrestricted net assets upon expiration of the restriction. All promises to give are considered collectible.

There were no temporarily or permanently restricted net assets at December 31, 2009 and 2008.

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 may differ from those estimates.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 2 – Summary of Significant Accounting Policies (continued):

Financial statement presentation – CHANGE, Inc. presents its financial statements in accordance with Financial Accounting Standards Board, Accounting Standards Codification FASB ASC 958-210-50-3 (SFAS 117) “Financial Statements of Not-for-Profit Organizations.” Under FASB ASC 958-210-50-3 (SFAS 117) CHANGE, Inc. is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Assets with voluntary designations by the governing board are considered to be unrestricted.

Note 3 – In-kind Wages, Rent, Transportation, Supplies and Other:

Local cash matches were used to meet matching cash requirements of various grants. The amounts were obtained from various local grants, performance contracts, donations and in-kind. Match and in-kind were obtained for the year ended December 31, 2009 and 2008, for the following programs:

	<u>2009</u>	<u>2008</u>
<u>Salaries and Benefits:</u>		
Corporate	\$ 11,225	\$ 14,171
FQHC	856	-0-
Lighthouse	50	78
Gingerbread Corner	<u>-0-</u>	<u>1,483</u>
Total salaries and benefits	<u>12,131</u>	<u>15,732</u>
 <u>Medical Services and Drugs:</u>		
FQHC	<u>1,809,190</u>	<u>1,538,993</u>
Total medical services and drugs	<u>1,809,190</u>	<u>1,538,993</u>
 <u>Other:</u>		
Corporate	902	1,064
FQHC	480	-0-
Lighthouse	14,988	29,218
Gingerbread Corner	<u>-0-</u>	<u>451</u>
Total other	<u>16,370</u>	<u>30,733</u>
 Total	 <u>\$1,837,691</u>	 <u>\$1,585,458</u>

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 3 – In-kind Wages, Rent, Transportation, Supplies and Other (continued):

For the years ended December 31, 2009 and 2008, donations of medical services and pharmaceuticals totaling \$1,809,190 and \$1,538,993, respectively, have been recognized in the statements of activities. No other amounts have been recognized in the statements of activities for in-kind contributions because the criteria for recognition under FASB ASC 958-605-50-1 (SFAS 116) have not been satisfied.

Note 4 – Land, Buildings, Vehicles and Equipment:

As described in Note 2, the Organization owns land, buildings, equipment and vehicles, which are recorded at cost. The following is a listing of fixed assets at cost:

	<u>2009</u>	<u>2008</u>
Land	\$ 5,000	\$ 17,602
Buildings and improvements	1,457,785	1,394,409
Equipment and furnishings	132,431	212,645
Vehicles	<u>195,512</u>	<u>312,532</u>
	1,790,728	1,937,188
Less: Accumulated depreciation	<u>352,348</u>	<u>510,738</u>
	1,438,380	1,426,450
Construction in progress	-0-	<u>35,709</u>
Net fixed assets	<u>\$1,438,380</u>	<u>\$1,462,159</u>

CHANGE, Inc. reviews its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated by the fixed assets and any estimated proceeds from the eventual disposition of the fixed assets. If the fixed assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value of such fixed assets. There were no impairment losses recognized in 2009 and 2008.

Note 5 – Reclassifications:

The Organization's policy is to reclassify amounts reported in prior year financial statements when necessary for classifications adopted during the current year.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 6 – Lines of Credit and Long-Term Debt:

Lines of credit, mortgages and notes payable consist of the following at December 31, 2009 and 2008:

	2009	2008
<u>Line of Credit</u>		
\$300,000 demand note secured by four parcels of property located in Hancock and Marshall Counties in West Virginia. The variable rate in effect at December 31, 2009 was 3.25%	<u>\$ 146,108</u>	<u>\$ 64,625</u>
<u>Mortgages and Notes Payable</u>		
Deed of trust on Taylor Street property, interest rate of 7.50%, maturity on February 3, 2012.	\$ 10,611	\$ 15,220
Deed of Trust on West Street property, interest rate of 6.125%, maturity on November 1, 2023	49,852	51,823
Note payable on Dakota Truck, interest rate of 7.55%, maturity on April 13, 2010.	1,937	8,482
Note payable on Dodge Caravan 0515, interest rate of 0.00%, maturity on June 4, 2010.	1,838	6,248
Note payable on Dodge Caravan 0616, interest rate of 8.70%, maturity on July 23, 2009.	-0-	2,661
Deed of Trust on 3136 West Street, interest rate of 4.125%, maturity on June 28, 2046	1,107,294	1,127,729
Note payable on Chrysler Town & Country Minivan, interest rate of 6.24%, maturity on May 5, 2011.	7,699	12,733
Note payable on 2007 Dodge Caravan, interest rate of 6.95%, maturity on June 13, 2012.	19,442	26,193
Note payable on Transportation Bus, interest rate of 5.75%, maturity on December 7, 2010	4,685	9,087
Note payable on Chevy Silverado Truck, interest rate of 12.44%, maturity on October 28, 2013	<u>11,112</u>	<u>14,025</u>
Total mortgages and notes payable	<u>\$1,214,470</u>	<u>\$1,274,201</u>

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 6 – Lines of Credit and Long-Term Debt (continued):

Aggregate maturities of long-term debt for the periods subsequent to December 31, 2009, based on present arrangements, are as follows:

2010	\$ 53,461
2011	44,150
2012	34,419
2013	27,650
2014	28,544
Thereafter	<u>1,026,246</u>
	<u>\$ 1,214,470</u>

Note 7 – Operating Lease:

The Organization entered into a 10 year (120 month) lease commencing on July 1, 2009 with Weirton Medical Center for Women’s Health Center operating space. The lease consists of 4,120 square feet. Equal monthly installments of \$3,776.66 will be expensed and presented as Other Expenses on the Statement of Activities. After the 60th month, the annual base rent will be evaluated against market conditions and may be increased, but will not exceed an increase of 5% based upon the CPI index. Current year operating lease expense and succeeding 5 year obligation is as follows:

2010	\$ 45,320
2011	45,320
2012	45,320
2013	45,320
2014	45,320
Thereafter	<u>203,940</u>
	<u>\$430,540</u>

Note 8 – Capital Lease:

As described in Note 2, the Organization has capital equipment leases. There are 2 equipment leases for Women’s Health Center with terms as follows:

The Organization entered into a 5 year (60 month) lease commencing on June 30, 2009 for GE Bone Density Equipment. The total cost of the equipment was \$44,480 and is due in equal monthly installments of \$888 with an interest rate of 7.3%. The Organization has the option to purchase the equipment for \$1 at the end of the term of the lease.

The Organization entered into a 5 year (60 month) lease commencing June 30, 2009 for Ultrasound Equipment. The total cost of the equipment was \$68,480 and is due in equal monthly installments of \$1,491.49 with an interest rate of 11%. The Organization has the option to purchase the equipment for \$1 at the end of the term of the lease.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 8 – Capital Lease (continued):

Current period and future minimum lease payments, separated by principal and interest, are as follows:

	<u>Principal</u>	<u>Interest</u>
2010	\$ 19,463	\$ 9,090
2011	21,396	7,158
2012	23,528	5,026
2013	25,881	2,673
2014	<u>13,628</u>	<u>379</u>
	<u>\$103,896</u>	<u>\$24,326</u>

The following is a listing of capital leases at cost:

	<u>2009</u>	<u>2008</u>
Capital lease equipment	\$ 112,960	\$ -0-
Less: Accumulated amortization	<u>11,296</u>	<u>-0-</u>
Net capital leases	<u>\$ 101,664</u>	<u>\$ -0-</u>

Note 9 – Retirement Plan:

CHANGE, Inc. maintains a 403(b) retirement plan. All full-time employees working 20 hours or more per week are eligible to participate. The employer contribution policy was changed effective January 1, 2009. The change provides employer contributions that match employee contributions, dollar for dollar, up to 5% each pay with an annual cap of \$3,000 per employee. CHANGE, Inc. contributed \$29,023 and \$678 to the plan for the fiscal years ending December 31, 2009 and 2008, respectively.

Note 10 – Commitments and Contingencies:

CHANGE, Inc. receives a substantial amount of its support from federal and state programs. A significant reduction of this support would have a major effect on CHANGE, Inc.'s activities.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. Management believes disallowances, if any, would be immaterial.

CHANGE, Inc. is required to file an annual cost report with the Medicaid and West Virginia Medicaid programs. Upon final settlement of these reports, amounts may be deemed payable to or receivable from the Medicare and Medicaid programs. The Organization's 2009 cost report will not be filed until May 2010. As such, no liability or asset has been recorded for any amount that may be payable or receivable as a result of this report.

CHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

Note 11 – Concentration of Credit Risk:

CHANGE, Inc maintains cash accounts at several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. All cash deposits were within FDIC coverage limits at December 31, 2009.

CHANGE, Inc. is located in Weirton, West Virginia. The Organization grants credit without collateral to patients of Family Medical Care, Inc., most of whom are local residents.

Note 12 – Income Taxes:

CHANGE, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization filed a Form 990-T, Exempt Organization Business Income Tax Return, for the year ended December 31, 2008 which includes the sales and cost of sales of the Gingerbread Corner; however, due to the net losses generated by these activities, the Organization is not liable for any income taxes associated therewith. The Gingerbread Corner ceased operations on July 31, 2008, therefore 2008 was the last filing of the Form 990-T. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Note 13 – Federal 330 Grant Funding:

Federal 330 grants are issued to community health centers to increase the access to comprehensive primary and preventive health care and improve the health status of underserved populations. The Bureau of Primary Health Care awarded CHANGE, Inc. with Federal 330 grant funding in the amount of \$576,308 for the period May 1, 2008 through April 30, 2009 and \$624,297 for the period May 1, 2009 through April 30, 2010. CHANGE, Inc. received and expended \$595,940 in Federal 330 funding for the year ended December 31, 2009.

Federal grants were awarded to CHANGE, Inc. relating to the American Recovery and Reinvestment Act of 2009. Awards included \$929,238 from the West Virginia Office of Economic Opportunity for home weatherization, \$359,445 CIP and \$137,888 IDS through the Health Resources and Services Administration for health care services and \$691,881 from the West Virginia Office of Economic Opportunity as a Community Service Block Grant for housing counseling and starting up the Women's Health facility. Refer to the Schedule of Expenditures of Federal Awards for amounts recognized as revenues and expenses for 2009.

Note 14 – Subsequent Events:

CHANGE, Inc. has evaluated subsequent events through June 2, 2010, the date which the financial statements were available to be issued.

SEACHRIST, KENNON & MARLING, A.C.

CERTIFIED PUBLIC ACCOUNTANTS * BUSINESS CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of
CHANGE, Inc.:

Our report on our audits of the basic financial statements of CHANGE, Inc. for the years ended December 31, 2009 and 2008 appears on pages 1 and 2. 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 for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 22 through 35 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the audit procedures applied to the audits of the basic financial statements and, accordingly, we express no opinion on it.


Wheeling, West Virginia
June 2, 2010

DHHR - Finance

JUN 7 2010

Date Received

CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

CORPORATE

REVENUES AND OTHER SUPPORT

Federal support	\$ 1,675
Local support	9,700
Donations and contributions	3,577
Other income	164,742
Total revenues and other support	<u>179,694</u>

EXPENSES

Office expenses	2,652
Materials and supplies	84
Insurance	838
Telephone and utilities	2,331
Travel/training	670
Equipment and maintenance	63
Contractual	187
Other expenses	25,008
Outreach	347
Interest	54,391
Depreciation	73,110
Gain/loss on disposal of fixed assets	12,602
Total expenses	<u>172,283</u>
Revenues over (under) expenses	<u>\$ 7,411</u>

CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

COMMUNITY SERVICE BLOCK GRANT

REVENUES AND OTHER SUPPORT

Federal support	\$ 470,635
Total revenues and other support	<u>470,635</u>

EXPENSES

Salaries	247,311
Fringe benefits	66,248
Office expenses	17,415
Materials and supplies	7,332
Insurance	8,644
Telephone and utilities	16,677
Travel/training	21,377
Equipment and maintenance	12,364
Contractual	19,530
Other expenses	72,560
Outreach	1,356
Legal and accounting	5,938
Total expenses	<u>496,752</u>

Revenues over (under) expenses	<u>\$ (26,117)</u>
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CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

WEATHERIZATION

REVENUES AND OTHER SUPPORT

Federal support	\$ 842,279
Local support	100,929
Total revenues and other support	<u>943,208</u>

EXPENSES

Salaries	333,200
Fringe benefits	104,212
Office expenses	9,415
Materials and supplies	231,711
Insurance	8,099
Telephone and utilities	18,991
Travel/training	10,130
Equipment and maintenance	208,350
Contractual	7,858
Other expenses	8,057
Legal and accounting	4,262
Total expenses	<u>944,285</u>

Revenues over (under) expenses \$ (1,077)

CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

TRANSPORTATION

REVENUES AND OTHER SUPPORT

Federal support	\$ 123,126
Program service fees	32,438
Service contracts	240,025
Other income	60
Total revenues and other support	<u>395,649</u>

EXPENSES

Salaries	231,146
Fringe benefits	36,622
Office expenses	4,372
Materials and supplies	323
Insurance	13,534
Telephone and utilities	10,337
Travel/training	1,170
Equipment and maintenance	119,933
Contractual	2,582
Other expenses	3,175
Outreach	49
Legal and accounting	6,332
Interest	32
Total expenses	<u>429,607</u>
Revenues over (under) expenses	<u>\$ (33,958)</u>

CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

HOUSING

REVENUES AND OTHER SUPPORT

Federal support	\$ 18,640
Local support	596
Total revenues and other support	<u>19,236</u>

EXPENSES

Salaries	13,174
Fringe benefits	3,088
Office expenses	1,502
Travel/training	1,132
Equipment and maintenance	46
Contractual	4,117
Other expenses	80
Outreach	91
Total expenses	<u>23,230</u>

Revenues over (under) expenses \$ (3,994)

CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

LIGHTHOUSE

REVENUES AND OTHER SUPPORT

Federal support	\$ 143,794
State support	148,647
Donations and contributions	4,553
Total revenues and other support	<u>296,994</u>

EXPENSES

Salaries	177,695
Fringe benefits	42,677
Office expenses	6,509
Materials and supplies	9,447
Insurance	5,613
Telephone and utilities	13,585
Travel/training	6,879
Equipment and maintenance	9,872
Contractual	9,770
Program expenses and support	2,752
Other expenses	10,276
Outreach	118
Legal and accounting	4,211
Total expenses	<u>299,404</u>
Revenues over (under) expenses	<u>\$ (2,410)</u>

CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

YOUTH SERVICES

REVENUES AND OTHER SUPPORT

Federal support	\$ 68,575
Local support	780
Total revenues and other support	<u>69,355</u>

EXPENSES

Salaries	32,931
Fringe benefits	6,110
Office expenses	2,635
Materials and supplies	8,730
Travel/training	3,879
Contractual	9,289
Other expenses	11,299
Outreach	1,637
Total expenses	<u>76,510</u>

Revenues over (under) expenses	<u>\$ (7,155)</u>
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CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

GOD'S POCKETS

REVENUES AND OTHER SUPPORT

Donations and contributions	\$ 1,307
Total revenues and other support	<u>1,307</u>

EXPENSES

Telephone and utilities	<u>1,713</u>
Total expenses	<u>1,713</u>

Revenues over (under) expenses	<u><u>\$ (406)</u></u>
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CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

FQHC

REVENUES AND OTHER SUPPORT

Federal support	\$ 1,192,231
State support	195,695
Local support	5,000
Medical third party and self pay revenue	2,843,572
Donations and contributions	5,118
Donated services and materials - Note 3	1,810,526
Other income	25,083
Total revenues and other support	<u>6,077,225</u>

EXPENSES

Salaries	2,260,990
Fringe benefits	399,241
Office expenses	55,951
Materials and supplies	523,147
Insurance	30,032
Telephone and utilities	49,299
Travel/training	33,253
Equipment and maintenance	40,701
Contractual	237,361
Donated services and materials - Note 3	1,810,526
Program expenses and support	5,089
Bad debt expense	94,178
Other expenses	117,782
Outreach	6,784
Legal and accounting	40,014
Interest	2,055
Amortization	11,296
Depreciation	28,348
Total expenses	<u>5,746,047</u>

Revenues over (under) expenses	<u><u>\$ 331,178</u></u>
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CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

EARNED INCOME TAX CREDIT

REVENUES AND OTHER SUPPORT

Federal support	\$ 16,455
Total revenues and other support	<u>16,455</u>

EXPENSES

Salaries	1,478
Fringe benefits	296
Office expenses	2,074
Travel/training	3,858
Equipment and maintenance	6,656
Other expenses	834
Outreach	1,259
Total expenses	<u>16,455</u>

Revenues over (under) expenses	<u><u>\$ -</u></u>
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CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

CSBG ARRA

REVENUES AND OTHER SUPPORT

Federal support	\$ 633,221
Total revenues and other support	<u>633,221</u>

EXPENSES

Salaries	512,498
Fringe benefits	80,129
Office expenses	284
Materials and supplies	19,700
Telephone and utilities	2,466
Travel/training	27
Equipment and maintenance	5,957
Other expenses	12,069
Legal and accounting	91
Total expenses	<u>633,221</u>

Revenues over (under) expenses	<u>\$ -</u>
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CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

HRSA ARRA-CIP

REVENUES AND OTHER SUPPORT

Federal support	\$ 227,313
Total revenues and other support	<u>227,313</u>

EXPENSES

Salaries	4,635
Fringe benefits	593
Office expenses	710
Materials and supplies	38,380
Equipment and maintenance	114,745
Contractual	49,515
Other expenses	20,218
Total expenses	<u>228,796</u>

Revenues over (under) expenses	<u>\$ (1,483)</u>
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CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

HRSA ARRA-IDS

REVENUES AND OTHER SUPPORT

Federal support	\$ 82,119
Total revenues and other support	<u>82,119</u>

EXPENSES

Salaries	47,058
Fringe benefits	9,335
Materials and supplies	3,000
Equipment and maintenance	10,920
Contractual	10,020
Other expenses	2,500
Total expenses	<u>82,833</u>

Revenues over (under) expenses	<u>\$ (714)</u>
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CHANGE, INC.
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

COMMUNITY HOUSING IMPROVEMENT PROGRAM

REVENUES AND OTHER SUPPORT

Local support	\$ 290
Total revenues and other support	<u>290</u>

EXPENSES

Salaries	230
Fringe benefits	27
Office expenses	8
Travel/training	145
Contractual	161
Other expenses	2,155
Total expenses	<u>2,726</u>

Revenues over (under) expenses	<u><u>\$ (2,436)</u></u>
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SEACHRIST, KENNON & MARLING, A.C.

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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 of
CHANGE, Inc.:

We have audited the financial statements of CHANGE, Inc. (a nonprofit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 2, 2010. In our report, our opinion was qualified because, as described in Note 2, CHANGE, Inc. expenses certain fixed assets purchased with grant funds. 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 CHANGE, Inc.'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 CHANGE, Inc.'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 discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

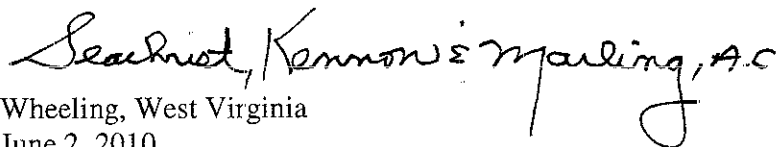
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination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

Compliance and Other Matters

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

CHANGE, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit CHANGE, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Organization, the Board of Directors and 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.


Wheeling, West Virginia

June 2, 2010

DHHR - Finance

JUN 7 2010

Date Received

SEACHRIST, KENNON & MARLING, A.C.

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

To the Board of Directors of
CHANGE, Inc.:

Compliance

We have audited the compliance of CHANGE, Inc. (a nonprofit 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 December 31, 2009. CHANGE, Inc.'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 CHANGE, Inc.'s management. Our responsibility is to express an opinion on CHANGE, Inc.'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 CHANGE, Inc.'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 CHANGE, Inc.'s compliance with those requirements.

In our opinion, CHANGE, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

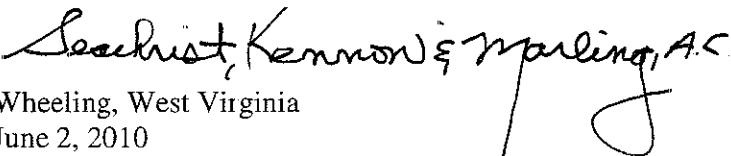
The management of CHANGE, Inc is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered CHANGE, Inc.'s internal control 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CHANGE, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and 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.


Wheeling, West Virginia
June 2, 2010

DHHR - Finance

JUN 7 2010

Date Received

CHANGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2009

SECTION 1 – SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weakness identified	Yes
Reportable conditions identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance with major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.569	Department of Health and Human Services Community Service Block Grant
93.224	Department of Health and Human Services Health Resources and Services Administration
93.703	Department of Health and Human Services Health Resources and Services Administration ARRA
93.710	Department of Health and Human Services Community Service Block Grant ARRA
93.568	Department of Health and Human Services Low Income Energy Assistance Program
81.042	Department of Energy Weatherization Assistance to Low Income Persons

CHANGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2009

SECTION 1 – SUMMARY OF AUDITORS RESULTS (CONTINUED)

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	No

SECTION 2 – FINANCIAL STATEMENT FINDINGS

Finding 09-1: Material Weakness

Internal Control over Financial Reporting:

Condition: During the performance of our audit engagement procedures, we noted management had not adjusted all account balances to reflect appropriate year-end balances. This is a necessary step to ensure the financial statements are fairly stated. We proposed adjustments to the financial statements to management. Management has determined that the effects of the unrecorded adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Although the effects of the uncorrected misstatements are considered immaterial, the unrecorded amounts are, in our judgment, significant. Because there is a reasonable possibility that a misstatement of the Organization's financial statements could occur and not be prevented or detected by the Organization's internal control, we concluded there is a material weakness in the Organization's control policies and procedures.

Criteria: Management is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial position, activities and changes in net assets, cash flows and disclosures in the financial statements, in conformity with GAAP. The adjustment of all account balances to reflect appropriate year-end balances is a necessary step to ensure the financial statements are fairly presented.

Effect: A reasonable possibility exists that the Organization may issue financial statements and related footnotes that contain a material misstatement that will not be prevented or detected by the Organization's internal control.

Recommendation: We believe that this inadequacy is a deficiency in internal control over financial reporting. Management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and design appropriate controls as necessary to rectify inadequacies. When developing control policies and procedures for a process, management should consider where errors or fraud could occur that would cause a material misstatement in the financial statements and which policies and procedures, if operating properly, would prevent or detect the error or fraud on a timely basis.

CHANGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2009

SECTION 2 – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Response: Management understands the finding and will assure that the unrecorded adjustment will be made on future financial statements. On July 1, 2009, CHANGE, Inc. opened Women's Health Center which included three OBGYN providers. This segment of the business not only created office visits but involved a new revenue source related to surgery and delivery services performed in a hospital. Whereas office visits are billed at the date of service, surgery and delivery services are billed at a later date when all necessary information is gathered. This resulted in some surgeries and deliveries not to be recorded in 2009, but in 2010, thus creating a finding. Since this inadequacy has been identified, a better understanding has been gained regarding the billing process and how it impacts revenue recognition. CHANGE, Inc. has implemented the accrual of surgery and delivery revenues to produce accurate financial statements.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We found no findings or questioned costs or likely questioned costs for federal awards for the fiscal year ended December 31, 2009.

CHANGE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED DECEMBER 31, 2009

There were no prior audit findings relative to federal awards.