

GOOD SAMARITAN CLINIC, INC.

Financial Statements

June 30, 2011

DHHR - Finance

JUN 11 2013

Date Received

GOOD SAMARITAN CLINIC, INC.
Financial Statements
June 30, 2011

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ALICE M. HARRIS, CPA, A.C.

Independent Accountant's Report

Board of Directors
Good Samaritan Clinic, Inc
Parkersburg, WV 26101

I have audited the accompanying statement of financial position of Good Samaritan Clinic, Inc. (a nonprofit corporation) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As explained in the footnotes to the financial statements, pharmaceutical inventory that the Good Samaritan Clinic, Inc., acquired by purchase and gift is not recorded in the financial statements. In my opinion, accounting principles generally accepted in the United States of America require that such donated inventory be recorded at its fair value at the date of receipt. It was not practical to determine the effects of the unrecorded inventory on the financial statements.

In my opinion, except for not recording the fair value of donated inventory, the financial statements referred to above present fairly, in all material respects, the financial position of the Good Samaritan Clinic, Inc., as of June 30, 2011, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principals generally accepted in the United States of America.

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Independent Auditor's Report, Continued

In accordance with *Government Audit Standards*, I have also issued my report dated October 21, 2011 on my consideration of the Good Samaritan Clinic, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of my 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 should be considered in assessing the results of my audit.

My audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of WV DHHS funding status (Schedule 1) and schedule of revenue and expenses – DHHS funded programs (Schedule 2) are presented for purposes of additional analysis and are 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 my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alice M. Harris, CPA

Alice M. Harris, CPA
October 21, 2011

DHHR - Finance

JUN 11 2013

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GOOD SAMARITAN CLINIC, INC.

Statement of Financial Position

June 30, 2011

ASSETS		
Current assets:		
Cash	\$	145,782
Accounts and grants receivable		4,749
Prepaid expenses		4,779
Deposits		3,625
Total current assets		158,935
Property, plant, and equipment:		
Land		50,750
Buildings and improvements		174,828
Furniture and equipment		70,339
		295,917
Less accumulated depreciation		(113,308)
Net property, plant, and equipment		182,609
Other assets:		
Investments		157,827
Total other assets		157,827
Total assets	\$	499,371
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable		214
Payroll taxes payable		4,363
Accrued compensated absences		5,685
Total liabilities		10,262
Net Assets:		
Unrestricted		489,109
Temporarily restricted		-
Permanently restricted		-
Total net assets		489,109
Total liabilities and net assets	\$	499,371

See accompanying notes to financial statements.

GOOD SAMARITAN CLINIC, INC.

Statement of Activities

Year ended June 30, 2011

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and Revenue:				
Cash contributions	\$ 51,651	37,657	-	89,308
Non-cash contributions of services	383,015	-	-	383,015
Non-cash contributions of drugs	417,370	-	-	417,370
Grants	195,504	2,875	-	198,379
Medical records reimbursements	865	-	-	865
Special events, net of expenses of \$18,539	13,355	-	-	13,355
Unrealized gain on investments	18,539	-	-	18,539
Fees and other income	19,374	-	-	19,374
Interest and dividends	4,000	-	-	4,000
Total revenue before reclassifications	1,103,673	40,532	-	1,144,205
Reclassifications:				
Net assets released from restrictions	52,854	(52,854)	-	-
Total revenue and reclassifications	1,156,527	(12,322)	-	1,144,205
Expenses:				
Program services	1,024,632	-	-	1,024,632
Management and general	74,608	-	-	74,608
Fundraising	20,562	-	-	20,562
Total expenses	1,119,802	-	-	1,119,802
Increase in net assets	36,725	(12,322)	-	24,403
Net assets, beginning of year	452,384	12,322	-	464,706
Net assets, end of year	\$ 489,109	-	-	489,109

See accompanying notes to financial statements.

GOOD SAMARITAN CLINIC, INC.
Statement of Functional Expenses
Year ended June 30, 2011

	Program services	Management and general	Fundraising	Total expenses
Salaries	\$ 109,824	46,815	18,364	175,003
Payroll taxes	10,221	4,357	1,710	16,288
Retirement benefits	2,918	1,244	488	4,650
Contributed services dispensed	382,135	-	-	382,135
Drug contributions dispensed	417,370	-	-	417,370
Insurance	3,040	632	-	3,672
Purchased pharmaceuticals & drugs	17,700	-	-	17,700
Repairs and maintenance	5,062	756	-	5,818
Cleaning services	639	96	-	735
Bio-Hazard waste disposal	1,335	-	-	1,335
Rent	40,609	6,068	-	46,677
Utilities	4,126	617	-	4,743
Telephone	2,259	338	-	2,597
Clinic and medical supplies	438	-	-	438
Dental program expenses	11,982	-	-	11,982
Office supplies	-	1,866	-	1,866
Postage	-	1,172	-	1,172
Printing	-	1,171	-	1,171
Professional fees	-	3,200	-	3,200
Other programs	2,177	3,444	-	5,621
Dues, travel & continuing education	2,760	-	-	2,760
Miscellaneous	2,723	1,739	-	4,462
	1,017,318	73,515	20,562	1,111,395
Depreciation	7,314	1,093	-	8,407
Total expenses	\$ 1,024,632	74,608	20,562	1,119,802

See accompanying notes to financial statements

GOOD SAMARITAN CLINIC, INC.
Statement of Cash Flows
Year ended June 30, 2011

Cash flows from operating activities:		
Change in net assets	\$	24,403
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		8,407
Unrealized gain on investments		(18,539)
(Increase) decrease in:		
Accounts and grants receivable		(3,738)
Prepaid expenses		89
Deposits		-
Increase (decrease) in:		
Accounts payable		(940)
Payroll taxes payable		295
Accrued compensated absences		616
Deferred revenue		-
Net cash provided by operating activities		10,593
Cash flows from investing activities:		
Proceeds from sales of investments		116,280
Purchase of investments		(117,849)
Purchase of property and equipment		(10,459)
Net cash used in investing activities		(12,028)
Increase in cash and cash equivalents		(1,435)
Cash and cash equivalents, beginning of year		147,217
Cash and cash equivalents, end of year	\$	145,782
Supplemental cash flow disclosures:		
Cash paid for:		
Income taxes	\$	-
Interest		-

See accompanying notes to financial statements

GOOD SAMARITAN CLINIC, INC.
Notes to Financial Statements

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Good Samaritan Clinic, Inc. (the Clinic) was incorporated as a nonprofit organization in the State of West Virginia. The Clinic provides free primary health care to patients who are unable to qualify for Medicaid, Medicare, or health insurance, and whose income level falls below Federal Poverty Income Guidelines.

Basis of Accounting - The financial statements of the Clinic have been prepared on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America.

Basis of Presentation - The Clinic has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, an organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or passage of time
- Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the organization. Generally, the donors of the assets permit the organization to use all or part of the income earned on related investments for general or specific purposes

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Clinic considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Tax Status - The Clinic is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Clinic qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

In January 2006, the Financial Accounting Standards Board issued ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Organization adopted ASC 740-10 as of July 1, 2010. There was no impact to the Organization's financial statements as a result of the implementation of ASC 740-10.

Property and Equipment - All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Maintenance and repairs are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives ranging from five to thirty nine years.

Depreciation expense for the year ended June 30, 2011 was \$8,407.

Inventory - Inventory of purchased and donated pharmaceuticals have not been recorded in the financial statements. Accounting principles generally accepted in the United States of America require that such inventory be recorded at cost, if purchased, or at the fair market value at the date of donation. The independent auditor's report has been modified accordingly.

GOOD SAMARITAN CLINIC, INC.
Notes to Financial Statements, Continued

USE OF 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF RISK

The Clinic is economically dependent upon donations of services provided by local hospital and medical professionals. The continued operation of the Clinic depends upon the continued participation of these organizations and individuals.

INVESTMENTS

The amortized cost and estimated fair values of investments at June 30, 2011 are as follows:

	<u>Historical cost</u>	<u>Market value</u>	<u>Unrealized gain (loss)</u>
Mutual funds	\$ 115,490	115,891	401
Cash and money market funds	41,936	41,936	-
Total	\$ 157,426	157,827	401

At June 30, 2011, following are the types of investments and percentages owned by the Organization:

Money Market Funds	25.94%
Mutual funds	74.06%

TEMPORARY RESTRICTIONS ON NET ASSETS

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors for the year ended June 30, 2011 were as follows:

Pharmacy	\$20,000
Dental services	15,157
Other	2,500
<u>Total</u>	<u>\$ 37,65760</u>

As of June 30, 2011 all temporary restricted contributions were expended for their restricted purpose

◦ GOOD SAMARITAN CLINIC, INC.
Notes to Financial Statements, Continued

NON-CASH CONTRIBUTIONS OF DRUGS

The value of donated drugs provided by local pharmacies is estimated at market value and included as support and also as a related expense as dispensed. The total estimated value of contributed drugs was \$417,370 for the year ended June 30, 2011.

NON-CASH CONTRIBUTED SERVICES

Donated services in the amount of \$382,135 for the year ended June 30, 2011 represent services rendered by various hospitals, physicians, dentists, pharmacists, nurses, social workers and counselors have been recorded as in-kind revenues and in-kind expenses. The value of donated services is based upon estimated average fees normally charged by persons rendering the services. These amounts were determined using information provided by Medical Salary Wizard and range from \$13.75 per hour for pharmacy technicians to \$192.50 per hour for a Urologist.

Additionally, the Clinic received \$880 of donated office supplies which is included in donated services revenue and office supplies expense.

RETIREMENT PLAN

The Clinic maintains a Simplified Employee Pension Plan for all of its eligible employees. The Clinic makes a matching contribution equal to the employee's salary reduction contribution up to 3% of the employee's compensation. Total contributions to the Plan for the year ended June 30, 2011 was \$4,650.

OPERATING LEASES

Beginning June 1, 2011, the Clinic entered into a non-cancelable lease for its administrative office space expiring May 31, 2013. Monthly rent expense for the fiscal year ended June 30, 2011 was \$3,625. Future minimum lease obligations under this lease are as follows:

2012	\$43,500
2013	39,875

RISK MANAGEMENT

The Clinic is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Clinic manages these risks of loss through the purchase of various insurance policies.

EVALUATION OF SUBSEQUENT EVENTS

The Clinic has evaluated subsequent events through October 21, 2011, the date which the financial statements were available to be issued.

Schedule 1

GOOD SAMARITAN CLINIC, INC
 Schedule of WV DHHR Funding Status
 Year ended June 30, 2011

	Agreement
	<u>Total</u>
State Assigned Account Number	G110341
Amount of Award	195,504
Amount Earned & Billed to DHHR through year end and qualifying expenses for prior year's (budgetary) deferred revenue.	<u>195,504</u>
Budgetary surplus (deficit) (1)	<u><u>-</u></u>
Amount not earned but billed to DHHR through year-end (1)	<u><u>-</u></u>
Amount not billed to DHHR through year-end	<u><u>-</u></u>
Amount collected by year-end	<u><u>195,504</u></u>

See accompanying independent auditor's report

Schedule 2

GOOD SAMARITAN CLINIC, INC.
 Schedule of Revenues & Expenses - DHHR Funded Programs
 Year ended June 30, 2011

	G1110341 DHHR Total
Revenues:	
State awards (1)	195,504
Deferred revenue from prior year	-
Other grants and fees	-
Interest	-
Total revenues	195,504
Expenses:	
Salaries	152,066
Fringe benefits and taxes	20,527
Telephone & utilities	7,291
Occupancy	46,677
Professional fees	3,200
Maintenance and repairs	8,200
Capital expenditures	6,415
Office supplies	4,417
Indirect expenses	10,468
Total expenses	259,261
Excess (deficit) of revenue over expenses	(63,757)

See accompanying independent auditor's report.

ALICE M. HARRIS, CPA, A.C.

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
Good Samaritan Clinic, Inc.

I have audited the financial statements of the Good Samaritan Clinic, Inc., (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued my report thereon dated October 21, 2011, which was qualified for not including the value of purchased and donated pharmaceutical inventory. I conducted my 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 my audit, I considered Good Samaritan Clinic Inc's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Good Samaritan Clinic Inc's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a deficiency in internal control over financial reporting that I consider to be a significant deficiency.

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. I consider the deficiency described below to be significant deficiency in internal control over financial reporting.

Segregation of Duties

The segregation of duties and responsibilities with persons who initiate transactions, record transactions, and reconcile the accounts these transactions affect is not desirable from a control point of view. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of transactions. The lack of segregation of duties could increase the risk that misstatements of transactions could go undetected. This situation is typical in an organization of this size. The most effective

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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, CONTINUED***

controls lie in the Board's level of monitoring and oversight of matters relating to the Organization's operations. The lack of separation of control functions between personnel has the potential for misappropriation of assets, and possible misrepresentation in financial reporting, depending on the level of monitoring and oversight of the Board and its officers.

This situation has been addressed through enhanced Board monitoring, however, hiring additional personnel would not be cost effective for the Organization.

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.

My consideration of the 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 the 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, I do not believe the significant deficiency described above is a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Good Samaritan Clinic, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Alice M. Harris, CPA

Alice M. Harris, CPA
October 21, 2011

DHHR - Finance

JUN 11 2013

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