

GOOD SAMARITAN CLINIC, INC.

Financial Statements

June 30, 2012 and 2011

DHHR - Finance

JUN 11 2014

Date Received

GOOD SAMARITAN CLINIC, INC.
Financial Statements
June 30, 2012 and 2011

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ALICE M. HARRIS, CPA, A.C.

CERTIFIED PUBLIC ACCOUNTANT

Independent Accountant's Report

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

I have audited the accompanying statements of financial position of Good Samaritan Clinic, Inc. (a nonprofit corporation) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

I conducted my 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 I 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. I believe that my audits provide 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, 2012 and 2011, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

Independent Auditor's Report, Continued

In accordance with *Government Audit Standards*, I have also issued my report dated October 18, 2012 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 18, 2012

DHHR - Finance

JUN 11 2014

Date Received

GOOD SAMARITAN CLINIC, INC.
Statements of Financial Position
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash	\$ 135,602	145,782
Accounts and grants receivable	6,361	4,749
Prepaid expenses	4,571	4,779
Deposits	3,625	3,625
Total current assets	150,159	158,935
Property, plant, and equipment:		
Land	50,750	50,750
Buildings and improvements	174,827	174,828
Furniture and equipment	71,150	70,339
	296,727	295,917
Less accumulated depreciation	(110,472)	(113,308)
Net property, plant, and equipment	186,255	182,609
Other assets:		
Investments	166,591	157,827
Total other assets	166,591	157,827
Total assets	\$ 503,005	499,371
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	364	214
Payroll taxes payable	5,198	4,363
Accrued compensated absences	7,011	5,685
Total liabilities	12,573	10,262
Net Assets:		
Unrestricted	490,432	489,109
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	490,432	489,109
Total liabilities and net assets	\$ 503,005	499,371

See accompanying notes to financial statements.

GOOD SAMARITAN CLINIC, INC.
Statements of Activities
Years ended June 30, 2012 and 2011

	2012				2011			
	Unrestricted	Temporarily	Permanently	Total	Unrestricted	Temporarily	Permanently	Total
	restricted	restricted	restricted		restricted	restricted	restricted	
Support and Revenue:								
Cash contributions	\$ 66,956	-	-	66,956	51,651	37,657	-	89,308
Non-cash contributions of services	241,970	-	-	241,970	383,015	-	-	383,015
Non-cash contributions of drugs	371,137	-	-	371,137	417,370	-	-	417,370
Grants	195,505	39,526	-	235,031	195,504	2,875	-	198,379
Medical records reimbursements	781	-	-	781	865	-	-	865
Special events, net of expenses of \$4,432 and \$18,539, respectively	5,041	-	-	5,041	13,335	-	-	13,335
Loss on disposal of assets	(400)	-	-	(400)	-	-	-	-
Realized and unrealized gain (loss) on investments	(4,510)	-	-	(4,510)	18,539	-	-	18,539
Fees and other income	19,086	-	-	19,086	19,374	-	-	19,374
Interest and dividends	2,623	-	-	2,623	4,000	-	-	4,000
Total revenue before reclassifications	898,189	39,526	-	937,715	1,103,673	40,532	-	1,144,205
Reclassifications:								
Net assets released from restrictions	39,526	(39,526)	-	-	52,854	(52,854)	-	-
Total revenue and reclassifications	937,715	-	-	937,715	1,156,527	(12,322)	-	1,144,205
Expenses:								
Program services	861,508	-	-	861,508	1,044,981	-	-	1,044,981
Management and general	66,337	-	-	66,337	67,124	-	-	67,124
Fundraising	8,547	-	-	8,547	7,697	-	-	7,697
Total expenses	936,392	-	-	936,392	1,119,802	-	-	1,119,802
Increase in net assets	1,323	-	-	1,323	36,725	(12,322)	-	24,403
Net assets, beginning of year	489,109	-	-	489,109	452,384	12,322	-	464,706
Net assets, end of year	\$ 490,432	-	-	490,432	489,109	-	-	489,109

See accompanying notes to financial statements.

GOOD SAMARITAN CLINIC, INC.
Statements of Functional Expenses
Years ended June 30, 2012 and 2011

	2012				2011			
	Program services	Management and general	Fundraising	Total expenses	Program services	Management and general	Fundraising	Total expenses
Salaries	\$ 135,492	42,742	7,365	185,599	127,998	40,131	6,874	175,003
Payroll taxes	12,328	3,889	670	16,887	11,913	3,735	640	16,288
Retirement benefits	2,956	932	161	4,049	3,401	1,066	183	4,650
Contributed services dispensed	241,970	-	-	241,970	382,135	-	-	382,135
Drug contributions dispensed	371,137	-	-	371,137	417,370	-	-	417,370
Insurance	3,138	919	-	4,057	3,040	632	-	3,672
Purchased pharmaceuticals & drugs	10,304	-	-	10,304	17,700	-	-	17,700
Repairs and maintenance	4,867	727	-	5,594	5,062	756	-	5,818
Cleaning services	445	66	-	511	639	96	-	735
Bio-Hazard waste disposal	1,300	-	-	1,300	1,335	-	-	1,335
Rent	41,530	6,206	-	47,736	40,609	6,068	-	46,677
Utilities	2,799	418	-	3,217	4,126	617	-	4,743
Telephone	2,235	334	-	2,569	2,259	338	-	2,597
Clinic and medical supplies	1,373	-	-	1,373	438	-	-	438
Dental program expenses	11,525	-	-	11,525	11,982	-	-	11,982
Office supplies	-	2,908	-	2,908	-	1,866	-	1,866
Postage	-	1,268	22	1,290	-	1,172	-	1,172
Printing	-	509	262	771	-	1,171	-	1,171
Professional fees	-	3,200	-	3,200	-	3,200	-	3,200
Other programs	3,456	-	-	3,456	2,177	3,444	-	5,621
Dues, travel & continuing education	4,420	-	-	4,420	2,760	-	-	2,760
Miscellaneous	2,048	996	67	3,111	2,723	1,739	-	4,462
	853,323	65,114	8,547	926,984	1,037,667	66,031	7,697	1,111,395
Depreciation	8,185	1,223	-	9,408	7,314	1,093	-	8,407
Total expenses	\$ 861,508	66,337	8,547	936,392	1,044,981	67,124	7,697	1,119,802

See accompanying notes to financial statements.

GOOD SAMARITAN CLINIC, INC.
Statements of Cash Flows
Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,323	24,403
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,408	8,407
Unrealized gain (loss) on investments	4,510	(18,539)
Loss on disposal of assets	400	-
(Increase) decrease in:		
Accounts and grants receivable	(1,612)	(3,738)
Prepaid expenses	208	89
Deposits	-	-
Increase (decrease) in:		
Accounts payable	150	(940)
Payroll taxes payable	835	295
Accrued compensated absences	1,326	616
Net cash provided by operating activities	16,548	10,593
Cash flows from investing activities:		
Proceeds from sales of investments	100,131	116,280
Purchase of investments	(113,224)	(117,849)
Purchase of property and equipment	(13,455)	(10,459)
Net cash used in investing activities	(26,548)	(12,028)
Increase in cash and cash equivalents	(10,000)	(1,435)
Cash and cash equivalents, beginning of year	145,782	147,217
Cash and cash equivalents, end of year	\$ 135,782	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).

For the year ended June 30, 2012, the Organization has determined that no income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization believes it is no longer subject to taxes through income tax examinations for years prior to 2009.

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 years ended June 30, 2012 and 2011 was \$9,408 and \$8,407, respectively.

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, 2012 are as follows:

	<u>Historical cost</u>	<u>Market value</u>	<u>Unrealized gain (loss)</u>
Mutual funds	\$ 106,654	111,821	5,167
Cash and money market funds	54,770	54,770	-
Total	\$ 161,424	166,591	5,167

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, 2012 and 2011, following are the types of investments and percentages owned by the Organization:

	<u>2012</u>	<u>2011</u>
Money Market Funds	32.88%	26.57%
Mutual funds	67.12%	73.43%

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

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, 2012 were as follows:

	<u>2012</u>	<u>2011</u>
Pharmacy	\$14,302	17,700
Dental services	11,525	11,982
Equipment and other	13,700	23,172
Total	\$ 39,526	52,854

As of June 30, 2012 and 2011 all temporary restricted contributions were expended for their restricted purpose.

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 \$371,137 and \$417,370 for the years ended June 30, 2012 and 2011, respectively.

NON-CASH CONTRIBUTED SERVICES

Donated services in the amount of \$241,970 and \$382,135 for the years ended June 30, 2012 and 2011, respectively 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 \$14.00 per hour for pharmacy technicians to \$192.50 per hour for a Urologist.

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 years ended June 30, 2012 and 2011 was \$4,049 and \$4,650, respectively.

OPERATING LEASES

Beginning June 1, 2012, the Clinic entered into a non-cancelable lease for its administrative office space expiring May 31, 2013. Monthly rent expense for the fiscal years ended June 30, 2012 and 2011 was \$3,625. Future minimum lease obligations under this lease are as follows:

2013	\$ 39,875
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GOOD SAMARITAN CLINIC, INC.
Notes to Financial Statements, Continued

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of assets and liabilities measured on a recurring basis June 30, 2012 and 2011 are as follows:

	Fair Value	Fair Value Measurement At Reporting Date Using:		
		Quoted Prices In Active Markets For Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2012</u>				
Securities Available for Sale	<u>\$ 166,591</u>	<u>\$ 166,591</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>June 30, 2011</u>				
Securities Available for Sale	<u>\$ 157,827</u>	<u>\$ 157,827</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The fair value standards established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

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 18, 2012, the date which the financial statements were available to be issued.

GOOD SAMARITAN CLINIC, INC
Schedule of WV DHHR Funding Status
Year ended June 30, 2012

Schedule 1

	Agreement
	<u>Total</u>
State Assigned Account Number	G120287
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, 2012

	G120287 DHHR Total
Revenues:	
State awards (1)	195,504
Deferred revenue from prior year	-
Other grants and fees	-
Interest	-
Total revenues	195,504
Expenses:	
Salaries	185,346
Fringe benefits and taxes	20,936
Telephone & utilities	5,867
Occupancy	47,736
Professional fees	3,200
Maintenance and repairs	5,594
Capital expenditures	-
Office supplies	2,957
Other expenses	19,036
Total expenses	290,672
Excess (deficit) of revenue over expenses	(95,168)

See accompanying independent auditor's report.

(1) Current year deficit is covered by other grants and fees generated by the Clinic.

**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, 2012, and have issued my report thereon dated October 18, 2012, 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

Management of the Good Samaritan Clinic, Inc is responsible for establishing and maintaining effective 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.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies in internal control over financial reporting. (2012-1). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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***

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 18, 2012

GOOD SAMARITAN CLINIC, INC
Schedule of Findings and Questioned Costs and Corrective Action Plan

Financial Statement Findings

Finding 2012-1 Lack of Ideal Segregation of Duties (Repeated from Prior Years)

Criteria or specific requirement: Segregation of duties involves the assignment of responsibilities in such a way that different employees handle different parts of the same transaction. Anyone who records transactions or has access to assets ordinarily is in a position to perpetrate errors or irregularities. Appropriate segregation of duties helps to detect errors in a timely manner and deter improper activities.

Condition: 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.

Context: The employee who prepares checks, enters cash receipts, and prepares payroll also reconciles the Center's bank accounts and is an authorized check signer. I recommend that a responsible official, not involved in entering information into the accounting software, receive the bank statement from the bank unopened and review its contents for reasonableness and accuracy. Additionally, controls would be improved if the Bookkeeper were not an authorized check signer and the reconciliations were performed by a responsible official not involved in the disbursements process.

Effect: The lack of segregation of duties could increase the risk that misstatements, errors or fraud could occur and go undetected.

Cause: This situation is typical for an organization of this size. Due to constraints in funding, accounting and management staff sizes are minimal making ideal segregation of duties impossible. The most effective controls lie in the Board's level of monitoring and oversight of matters relating to the Organization's operations. Current levels of Board monitoring need to be expanded to include the bank reconciliation process.

Agency Response: To the extent possible, we separate the financial responsibilities. We have recently added additional procedures to help mitigate the lack of ideal segregation of duties. Specifically, from time to time a member of the Board of Directors reviews the completed bank reconciliation and we require two signatures for any check in excess of \$5,000.