

GOOD SAMARITAN CLINIC, INC.

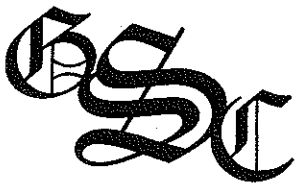
Financial Statements

June 30, 2010

DHHR - Finance

NOV 19 2010

Date Received



Good Samaritan Clinic, Inc.

418 Grand Park Drive, Suite 311
Parkersburg, WV 26105-4000
PHONE: 304-834-3986
FAX: 304-834-3987

November 15, 2010

Division of Audits
1900 Kanawha Boulevard
Building 3, Room 550
Charleston, WV 25305

To Whom It May Concern:

Please find enclosed a copy of the Good Samaritan Clinic Audit for fiscal year 2010. If you should need additional information please let me know. I can be reached at 304-834-3986 or email cindytgoodsam@suddenlinkmail.com.

Sincerely,

Cindy Thomas
Administrative Assistant

Enclosure

DHHR - Finance

NOV 19 2010

Date Received

BOARD OF DIRECTORS

Kathy Azar
Ann Bailey
Jeffrey Braham, DO
Kim Wolfe Flinn
Stephen Hanna, MD
Paul Hicks
Father Larry Jackson
Sr. Joan Kreyenbuhl, MA
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Beth McNally
Matthew Martin
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Brian Standley
Kim Stooke, MD
Heidi Wharton, Pharm.D
Cynthia Moore, RN, CFNP, Ex-officio

GOOD SAMARITAN CLINIC, INC.
Financial Statements
June 30, 2010

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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, 2010, 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, 2010, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**1818 Rayon Drive
Parkersburg, WV 26101
Phone: 304-422-5577
Fax: 304-422-5887**

Independent Auditor's Report, Continued

In accordance with *Government Audit Standards*, I have also issued my report dated October 29, 2010 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 29, 2010

DHHR - Finance

NOV 19 2010

Date Received

GOOD SAMARITAN CLINIC, INC.
Statement of Financial Position
June 30, 2010

ASSETS		
Current assets:		
Cash	\$	147,217
Accounts and grants receivable		1,011
Prepaid expenses		4,863
Deposits		3,625
Total current assets		156,716
Property, plant, and equipment:		
Land		50,750
Buildings and improvements		169,120
Furniture and equipment		65,588
		285,458
Less accumulated depreciation		(104,901)
Net property, plant, and equipment		180,557
Other assets:		
Investments		137,724
Total other assets		137,724
Total assets		\$ 474,997
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable		1,154
Payroll taxes payable		4,068
Accrued compensated absences		5,069
Total liabilities		10,291
Net Assets:		
Unrestricted		452,384
Temporarily restricted		12,322
Permanently restricted		-
Total net assets		464,706
Total liabilities and net assets		\$ 474,997

See accompanying notes to financial statements

GOOD SAMARITAN CLINIC, INC.
Statement of Activities
Year ended June 30, 2010

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and Revenue:				
Cash contributions	\$ 26,237	56,182	-	82,419
Non-cash contributions of services	307,709	-	-	307,709
Non-cash contributions of drugs	373,924	-	-	373,924
Grants	194,933	-	-	194,933
Medical records reimbursements	708	-	-	708
Special events, net of expenses of \$20,067	8,082	-	-	8,082
Unrealized loss on investments	11,643	-	-	11,643
Fees and other income	17,793	-	-	17,793
Interest and dividends	2,978	-	-	2,978
Total revenue before reclassifications	944,007	56,182	-	1,000,189
Reclassifications:				
Net assets released from restrictions	45,860	(45,860)	-	-
Total revenue and reclassifications	989,867	10,322	-	1,000,189
Expenses:				
Program services	882,763	-	-	882,763
Management and general	39,259	-	-	39,259
Total expenses	922,022	-	-	922,022
Increase in net assets	67,845	10,322	-	78,167
Net assets, beginning of year	384,539	2,000	-	386,539
Net assets, end of year	\$ 452,384	12,322	-	464,706

See accompanying notes to financial statements

GOOD SAMARITAN CLINIC, INC.
Statement of Functional Expenses
Year ended June 30, 2010

	Program services	Management and general	Total expenses
Salaries	\$ 120,283	23,213	143,496
Payroll taxes	11,435	2,207	13,642
Retirement benefits	3,385	654	4,039
Contributed services dispensed	306,735	-	306,735
Drug contributions dispensed	373,924	-	373,924
Insurance	3,557	381	3,938
Purchased pharmaceuticals & drugs	32,051	-	32,051
Repairs and maintenance	5,753	860	6,613
Cleaning services	520	78	598
Bio-Hazard waste disposal	1,573	-	1,573
Rent	3,154	471	3,625
Utilities	2,602	389	2,991
Telephone	2,066	309	2,375
Clinic and medical supplies	431	17	448
Dental program expenses	2,150		2,150
Office supplies	-	2,875	2,875
Postage	-	1,186	1,186
Printing	-	743	743
Professional fees	-	3,100	3,100
Other taxes	-	143	143
Dues, travel & continuing education	4,003	-	4,003
Miscellaneous	2,723	1,674	4,397
	876,345	38,300	914,645
Depreciation	6,418	959	7,377
	882,763	39,259	922,022

See accompanying notes to financial statements

GOOD SAMARITAN CLINIC, INC.
Statement of Cash Flows
Year ended June 30, 2010

Cash flows from operating activities:		
Change in net assets	\$	78,167
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		7,377
Unrealized loss on investments		(11,643)
(Increase) decrease in:		
Accounts and grants receivable		30,481
Prepaid expenses		(3,661)
Deposits		(3,625)
Increase (decrease) in:		
Accounts payable		696
Payroll taxes payable		542
Accrued compensated absences		(87)
Deferred revenue		(30,000)
Net cash provided by operating activities		68,247
Cash flows from investing activities:		
Proceeds from sales of investments		101,392
Purchase of investments		(102,968)
Purchase of property and equipment		(7,069)
Net cash used in investing activities		(8,645)
Increase in cash and cash equivalents		59,602
Cash and cash equivalents, beginning of year		87,615
Cash and cash equivalents, end of year		\$ 147,217
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)

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, 2010 was \$7,377.

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, 2010 are as follows:

	<u>Historical cost</u>	<u>Market value</u>	<u>Unrealized gain (loss)</u>
Mutual funds	\$ 101,687	95,346	(6,341)
Cash and money market funds	42,378	42,378	-
<u>Total</u>	<u>\$ 144,065</u>	<u>137,724</u>	<u>(6,341)</u>

At June 30, 2010, following are the types of investments and percentages owned by the Organization:

Money Market Funds	30.77%
Mutual funds	69.23%

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, 2010 were as follows:

Purchase of pharmaceuticals	\$27,678
Dental services	2,150
Other	16,032
<u>Total</u>	<u>\$ 45,860</u>

Temporary restrictions on net assets as of June 30, 2010 were as follows:

Pharmaceuticals	\$ 12,322
<u>Total</u>	<u>\$ 12,322</u>

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 \$373,924 for the year ended June 30, 2010.

NON-CASH CONTRIBUTED SERVICES

Donated services in the amount of \$306,735 for the year ended June 30, 2010 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 \$974 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, 2010 was \$4,039.

OPERATING LEASES

Beginning June 1, 2010, 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, 2010 was \$3,625. Future minimum lease obligations under this lease are as follows:

2011	\$ 43,500
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 29, 2010, 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, 2010

Schedule 1

	Agreement
	<u>Total</u>
State Assigned Account Number	G100109
Amount of Award	162,058
Amount Earned & Billed to DHHR through year end and qualifying expenses for prior year's (budgetary) deferred revenue.	<u>162,058</u>
Budgetary surplus (deficit) (1)	<u>-</u>
Amount not earned but billed to DHHR through year-end (1)	<u>-</u>
Amount not billed to DHHR through year-end	<u>-</u>
Amount collected by year-end	<u>162,058</u>

See accompanying independent auditor's report.

Schedule 2

GOOD SAMARITAN CLINIC, INC.
 Schedule of Revenues & Expenses - DHHR Funded Programs
 Year ended June 30, 2010

	G100109 DHHR <u>Total</u>
Revenues:	
State awards (1)	162,058
Deferred revenue from prior year	30,000
Other grants and fees	-
Interest	-
Total revenues	192,058
Expenses:	
Salaries	136,174
Fringe benefits and taxes	17,649
Telephone & communications	2,484
Postage and shipping	7,090
Utilities	2,946
Insurance	4,131
Bio-hazard waste fees	1,573
Cleaning services	598
Supplies	448
Professional fees	2,375
Maintenance and repairs	3,955
Capital expenditures	-
Office supplies	1,901
Printing	743
Dues, travel, and continuing education	4,003
Other expenses	9,785
Total expenses	195,855
Excess (deficit) of revenue over expenses	(3,797)

See accompanying independent auditor's report

(1) Total award \$150,806 minus deferred revenue of \$35,806.

**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, 2010, and have issued my report thereon dated October 29, 2010, 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

**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 weakness.

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 29, 2010

DHHR - Finance

NOV 19 2010

Date Received