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METROCARE OF GREATER KANSAS CITY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2008

METROCARE OF GREATER KANSAS CITY

Table of Contents

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Independent Auditor's Report

To the Board of Directors
MetroCare of Greater Kansas City
Kansas City, Missouri

I have audited the accompanying statements of financial position of MetroCare of Greater Kansas City (a not-for-profit corporation) as of December 31, 2008, 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. 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.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MetroCare of Greater Kansas City as of December 31, 2008, and the changes in its net assets ~~and its cash flows~~ for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bruce Culley
Certified Public Accountant

Gladstone, Missouri
May 1, 2009

METROCARE OF GREATER KANSAS CITY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS	
Cash	$ 50,339
Due from Metro Med	200
Total Assets	$ 50,539
LIABILITIES	
Accounts Payable	$ 15,304
NET ASSETS	
Unrestricted	35,235
Total Net Assets	35,235
Total Liabilities and Net Assets	$ 50,539

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

METROCARE OF GREATER KANSAS CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

SUPPORT AND REVENUES	
Grants	$ 215,000
Donations	765
Events	1,000
Total Support and Revenues	216,765
EXPENSES	
Program Services	214,484
Support – Administrative	15,000
Total Expenses	229,484
Increase (Decrease) in Net Assets	(12,719)
Net Assets, Beginning of Year	47,954
Net Assets, End of Year	$ 35,235

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

METROCARE OF GREATER KANSAS CITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program	Support Administrative	Total
Grants	$ 145,312	$ -	$ 145,312
Salary Reimbursement to Metro Med	55,115	15,000	70,115
Software	9,310	-	9,310
Medical Services	612	-	612
Lobbyist	3,000	-	3,000
Other	1,135	-	1,135
Total Expenses	$ 214,484	$ 15,000	$ 229,484

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

METROCARE OF GREATER KANSAS CITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	$ (12,719)
Increase in Due from Metro Med	(300)
Increase in Accounts Payable	15,304
Net Cash Provided (Used) by Operating Activities	2,285
Net Increase (Decrease) in Cash	2,285
Cash and Cash Equivalents, Beginning of Year	48,054
Cash and Cash Equivalents, End of Year	$ 50,339

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

NOTE 1 – ORGANIZATION DESCRIPTION

Organization

MetroCare of Greater Kansas City was organized on August 20, 2007, as a not-for-profit corporation. The Organization's program mission is to enhance access to health care and improve the health status of low-income, uninsured residents of Clay, Platte and Jackson counties by partnering with safety net clinics to connect their patients with donated specialty medical services.

The Organization connects safety net clinic patients with specialists willing to donate their time and expertise to care for the low-income, uninsured. It is an opportunity for physicians, hospitals, city and county government, and other community agencies to help existing safety net clinics and agencies provide needed care in a way that is coordinated, efficient, and more effective than any single entity could provide alone.

The Organization serves as a centralized point of entry for safety net clinics' patient specialty referrals. Patients can be referred by providers working in the safety net clinics or two county health departments. Patients are assigned to specialists on a rotating basis to ensure an equal distribution of these patients among the physicians who signed up to participate. A similar rotating assignment protocol is used for the laboratory, imaging studies, surgeries and inpatient care needed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Materials and Services

Donated materials are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. Services donated to the Organization are generally philanthropic in nature. The Organization only records donated services to the extent that they create or enhance non-financial

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

assets or that requires specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services from doctors and hospitals are fully explained in Note 5.

Taxes

The Organization is a charitable organization, which qualifies as tax exempt under Internal Revenue Code Section 501(c)(3) as an organization other than a private foundation.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management's estimate. Administrative expenses include those expenses that are not identifiable with any other specific function but provide for the overall support and direction of the Corporation.

Cash Flows

For purposes of the statement of cash flows, the Organization considers highly liquid investments purchased with initial maturities of less than three months to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

NOTE 3 – EXPENSE ALLOCATION

MetroCare of Greater Kansas City and Metro-Med share staff positions and office space. The Executive Director of Metro-Med contributes 30% of her time to the MetroCare program as the Executive Director. There is one full-time employee who performs all of the referral work. MetroCare pays no rent, utilities or administrative fee for the use of the facilities. The value of these services is estimated to be $12,500 for the year.

NOTE 4 – IN KIND DONATIONS FROM PHYSICIANS AND HOSPITALS

The MetroCare of Greater Kansas City has recruited 224 physicians who have committed to accepting referrals and treating Clay, Platte and Jackson County patients at no cost. All their services and supplies are donated. Local hospitals have donated surgical and inpatient services to the MetroCare patients. For tracking purposes, participating physicians and hospitals are asked to submit a non-payable claim to Blue Cross Blue Shield of Kansas City or to MetroCare directly. MetroCare tracks the diagnoses; procedures performed, cost of the donated physician care and cost of the donated hospital services. Costs are reported as self-pay charges, as this would be the required payment from the patient if not covered by MetroCare.

During 2008 medical services were provided to 448 individuals at a value of $681,858. The basis for recording the value of the medial services is what an individual would pay for the services at fair market value including the doctor and hospital stay.

METROCARE OF GREATER KANSAS CITY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2008

NOTE 5 – SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

One grant represented 85% of the revenue for the year 2008.

Current Economic Conditions

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Organization.

Current economic conditions have made it difficult for many donors to continue to contribute to not-for-profit organizations. A significant decline in grant revenue could have an adverse impact on the Organization's future operating results.