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METROCARE OF GREATER KANSAS CITY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2010 and 2009

METROCARE OF GREATER KANSAS CITY

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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, 2010 and 2009, 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. 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 audits provide 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, 2010 and 2009, 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.

Bruce Culley
Certified Public Accountant

Gladstone, Missouri
July 30, 2011

METROCARE OF GREATER KANSAS CITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2010	2009
ASSETS		
Cash	$ 41,040	$ 55,559
Accounts Receivable	45,200	34,645
Due from Metro Med	800	4,312
Fixed Assets		
Office Furniture and Equipment	1,773	1,773
Accumulated Depreciation	(380)	(127)
Total Fixed Assets	1,393	1,646
Total Assets	$ 88,433	$ 96,162
LIABILITIES		
Accounts Payable	$ 32,108	$ 69,551
NET ASSETS		
Unrestricted	56,325	26,611
Temporarily Restricted	-	-
Total Net Assets	56,325	26,611
Total Liabilities and Net Assets	$ 88,433	$ 96,162

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

METROCARE OF GREATER KANSAS CITY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2010	2009
SUPPORT AND REVENUES		
Grants	$ 351,300	$ 197,824
Donations	13,500	24,100
Reimbursed Expenses	12,900	17,111
Events	2,000	2,000
Programs Fees	2,500	-
Other	1,374	250
In-kind – Rent and Utilities	14,021	13,629
Total Support and Revenues	397,595	254,914
EXPENSES		
Program Services	334,125	234,297
Support – Administrative	33,756	29,241
Total Expenses	367,881	263,538
Increase (Decrease) in Net Assets	29,714	(8,624)
Net Assets, Beginning of Year	26,611	35,235
Net Assets, End of Year	$ 56,325	$ 26,611

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, 2010

	Program	Support Administrative	Total
Grants	$ 179,709	$ -	$ 179,709
Salary and Benefits Reimbursement to Metro Med	101,686	25,422	127,108
Software	9,300	-	9,300
Recruitment	-	-	-
Auto and Travel	3,353	373	3,726
Contributions	1,000	-	1,000
Depreciation	253	-	253
Office	5,457	-	5,457
Accounting and Consulting	5,278	6,559	11,837
Recruiting	7,727	-	7,727
Sponsorships	5,400	-	5,400
Website	632	-	632
Telephone	550	-	550
Miscellaneous	1,161	-	1,161
In-kind – Rent and Utilities	12,619	1,402	14,021
Total Expenses	$ 334,125	$ 33,756	$ 367,881

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, 2009

	Program	Support Administrative	Total
Grants	$ 58,744	$ -	$ 58,744
Salary and Benefits Reimbursement to Metro Med	84,440	21,110	105,550
Software	11,476	-	11,476
Recruitment	5,680	-	5,680
Auto and Travel	6,477	-	6,477
Contributions	16,600	-	16,600
Depreciation	127	-	127
Office	6,076	-	6,076
Legal and Accounting	-	6,768	6,768
Recruiting	18,562	-	18,562
Sponsorships	8,000	-	8,000
Website	3,000	-	3,000
Miscellaneous	2,849	-	2,849
In-kind – Rent and Utilities	12,266	1,363	13,629
Total Expenses	$ 234,297	$ 29,241	$ 263,538

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

METROCARE OF GREATER KANSAS CITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 29,714	$ (8,624)
Depreciation	253	127
(Increase) Decrease in Current Assets		
Accounts Receivable	(10,555)	(34,645)
Due from Metro Med	3,512	(4,112)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(37,443)	54,247
Net Cash Provided (Used) by Operating Activities	(14,519)	6,993
CASH FLOWS FROM INVESTMENT ACTIVITIES		
(Increase) in Furniture and Equipment	-	(1,773)
Net Cash Provided (Used) by Investing Activities	-	(1,773)
Net Increase (Decrease) in Cash	(14,519)	5,220
Cash and Cash Equivalents, Beginning of Year	55,559	50,339
Cash and Cash Equivalents, End of Year	$ 41,040	$ 55,559

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

METROCARE OF GREATER KANSAS CITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 governments 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 one county health department. 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.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2007.

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 Organization.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

In-kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contributions revenue by a like amount. The Organization pays no rent, utilities or administrative fee for the use of the facilities. In-kind contributions for office rent, telephone and utility expense for the years ended December 31, 2010 and 2009, was $14,021 and $13,629 respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 financial statement presentation. These reclassifications had no effect on the change in net assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Event

Subsequent events have been evaluated through July 30, 2011, which is the date the financial statements were issued.

NOTE 3 – EXPENSE ALLOCATION

The Organization 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. There is a person who works three quarters time for Metro Care performing recruitment services.

NOTE 4 – IN KIND DONATIONS FROM PHYSICIANS AND HOSPITALS

The Organization has recruited 613 physicians who have committed to accepting referrals and treating Clay, Platte and Jackson County patients at no cost. All of their services and supplies are donated. Local hospitals have donated surgical and inpatient services to the Organization's 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 the Organization directly. The Organization 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 the Organization.

During 2010 medical services were provided to 1,668 referrals at a value of \$3,238,100. During 2009 medical services were provided to 913 referrals at a value of \$1,633,650. 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.

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:

NOTE 5 – SIGNIFICANT ESTIMATES AND CONCENTRATIONS – CONTINUED

Contributions

The Health Care Foundation provided 69% of the funds to the Organization.

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.