

SEACARE HEALTH SERVICES
(A NONPROFIT ORGANIZATION)
Audited Financial Statements
For the Year Ended December 31, 2008
With Summarized Financial Information
For the year ended December 31, 2007

SEACARE HEALTH SERVICES

(A NONPROFIT ORGANIZATION)

TABLE OF CONTENTS

Independent Auditors' Report.....1

Financial Statements

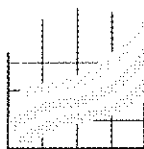
 Statement of Financial Position2

 Statement of Activities.....3

 Statements of Functional Expenses4 and 5

 Statements of Cash Flows.....6

 Notes to Financial Statements.....7 through 11



Murphy, Powers & Wilson

Certified Public Accountants, P.C.

Michael J. Murphy, CPA
William R. Powers, CPA
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Thomas J. Bridge, CPA (Retired)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
SeaCare Health Services

We have audited the accompanying statement of financial position of SeaCare Health Services (*a nonprofit organization*) 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. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements. The 2007 financial statements were audited by us and our report dated May 7, 2008 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SeaCare Health Services as of December 31, 2008, 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.

Murphy, Powers & Wilson
Certified Public Accountants, P.C.

Hampton, New Hampshire
February 12, 2009

SEACARE HEALTH SERVICES
(A NONPROFIT ORGANIZATION)
Statement of Financial Position
December 31, 2008 and 2007

ASSETS

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
CURRENT ASSETS				
Cash	\$ 57,372	\$59,706	\$117,078	\$107,068
Investments	332,407	0	332,407	368,387
Unconditional promises to give	0	18,850	18,850	29,000
Accounts receivable	14,425	12,450	26,875	25,430
Prepaid expenses	<u>10,629</u>	<u>0</u>	<u>10,629</u>	<u>7,598</u>
Total current assets	414,833	91,006	505,839	537,483
 PROPERTY AND EQUIPMENT , net of accumulated depreciation of \$29,636 and \$27,226				
	8,347	0	8,347	8,762
Security deposit	<u>1,200</u>	<u>0</u>	<u>1,200</u>	<u>1,200</u>
TOTAL ASSETS	<u>\$424,380</u>	<u>\$91,006</u>	<u>\$515,386</u>	<u>\$547,445</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable	\$ 2,657	\$ 0	\$ 2,657	\$ 3,197
Accrued payroll	17,756	0	17,756	6,442
Accrued earned time	<u>21,607</u>	<u>0</u>	<u>21,607</u>	<u>7,221</u>
Total current liabilities	42,020	0	42,020	16,860
NET ASSETS	<u>382,360</u>	<u>91,006</u>	<u>473,366</u>	<u>530,585</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$424,380</u>	<u>\$91,006</u>	<u>\$515,386</u>	<u>\$547,445</u>

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

SEACARE HEALTH SERVICES*(A NONPROFIT ORGANIZATION)*

Statement of Activities

For the Years ended December 31, 2008 and 2007

	ASSETS			2007
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT				
Corporate and community	\$ 354,828	\$106,470	\$ 461,298	\$ 464,113
Donated services	1,214,807	0	1,214,807	972,102
Donated medical supplies	1,647,728	0	1,647,728	916,629
Grants and contracts				
Local	33,167	62,700	95,867	106,500
Government	<u>0</u>	<u>39,800</u>	<u>39,800</u>	<u>41,050</u>
Total public support	<u>3,250,530</u>	<u>208,970</u>	<u>3,459,500</u>	<u>2,500,394</u>
REVENUES				
Program services	11,178	0	11,178	7,383
Investment return	<u>9,020</u>	<u>0</u>	<u>9,020</u>	<u>18,768</u>
Total revenues	<u>20,198</u>	<u>0</u>	<u>20,198</u>	<u>26,151</u>
Total public support and revenues	3,270,728	208,970	3,479,698	2,526,545
NET ASSETS RELEASED FROM RESTRICTIONS	<u>189,374</u>	<u>-189,374</u>	<u>0</u>	<u>0</u>
Total public support, revenues and restricted assets released	<u>3,460,102</u>	<u>19,596</u>	<u>3,479,698</u>	<u>2,526,545</u>
EXPENSES				
Program services	3,363,747	0	3,363,747	2,249,172
Support services	120,339	0	120,339	144,073
Fundraising	<u>52,831</u>	<u>0</u>	<u>52,831</u>	<u>61,776</u>
Total expenses	<u>3,536,917</u>	<u>0</u>	<u>3,536,917</u>	<u>2,455,021</u>
CHANGE IN NET ASSETS	-76,815	19,596	-57,219	71,524
NET ASSETS, BEGINNING OF YEAR	<u>459,175</u>	<u>71,410</u>	<u>530,585</u>	<u>459,061</u>
NET ASSETS, END OF YEAR	<u>\$ 382,360</u>	<u>\$ 91,006</u>	<u>\$ 473,366</u>	<u>\$ 530,585</u>

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

SEACARE HEALTH SERVICES
(A NONPROFIT ORGANIZATION)
Schedules of Functional Expenses
For the Year Ended December 31, 2008

	Medical Access Network	Medication Bridge Program	Children's Connection Program	Total Program Services	Support Services	Fundraising	Total
Personnel	\$ 206,261	\$ 68,490	\$ 134,271	\$ 409,022	\$ 96,978	\$ 25,073	\$ 531,073
Clinical							
Donated physician services	1,046,314	0	0	1,046,314	0	0	1,046,314
Donated medical supplies	0	1,647,728	0	1,647,728	0	0	1,647,728
Donated laboratory services	168,493	0	0	168,493	0	0	168,493
Physician services	5,209	0	0	5,209	0	0	5,209
General and administrative							
Professional fees	457	180	315	952	5,057	67	6,076
Consulting	8,845	3,483	6,100	18,428	4,975	1,286	24,689
Insurance	984	742	455	2,181	809	309	3,299
Equipment maintenance and supplies	1,737	673	1,215	3,625	962	249	4,836
Office supplies	2,990	1,556	2,133	6,679	785	204	7,668
Postage	2,241	882	1,546	4,669	1,260	326	6,255
Printing and advertising	1,768	583	3,428	5,779	876	1,393	8,048
Licenses, dues and subscriptions	10	4	7	21	6	1	28
Telephone	1,809	433	935	3,177	619	160	3,956
Rents	6,903	2,071	3,628	12,602	2,959	765	16,326
Utilities	5,663	2,154	3,775	11,592	3,077	795	15,464
Facility maintenance and supplies	916	361	632	1,909	516	133	2,558
Travel	2,727	881	4,035	7,643	907	234	8,784
Education and conferences	4,351	-45	593	4,899	-202	-52	4,645
Other meeting costs	479	188	359	1,026	269	70	1,365
Special events	0	0	0	0	0	21,693	21,693
Depreciation	864	340	595	1,799	486	125	2,410
Totals	<u>\$1,469,021</u>	<u>\$1,730,704</u>	<u>\$1,164,022</u>	<u>\$3,363,747</u>	<u>\$120,339</u>	<u>\$52,831</u>	<u>\$3,536,917</u>

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

SEACARE HEALTH SERVICES
(A NONPROFIT ORGANIZATION)

Schedules of Functional Expenses

For the Year Ended December 31, 2007

	Medical Access Network	Medication Bridge Program	Children's Connection Program	Total Program Services	Support Services	Fundraising	Total
Personnel	\$ 149,052	\$ 69,913	\$75,417	\$ 294,382	\$121,921	\$34,681	\$ 450,984
Clinical							
Donated physician services	818,878	0	0	818,878	0	0	818,878
Donated medical supplies	0	916,629	0	916,629	0	0	916,629
Donated laboratory services	153,224	0	0	153,224	0	0	153,224
Physician services	3,019	0	0	3,019	0	0	3,019
General and administrative							
Subcontract labor/fiscal agent	2	0	2,501	2,503	1	0	2,504
Professional fees	0	0	0	0	5,080	0	5,080
Insurance	979	738	453	2,170	805	308	3,283
Equipment maintenance and supplies	1,651	707	634	2,992	781	354	4,127
Office supplies	1,582	750	2,588	4,920	2,153	117	7,190
Postage	2,011	858	777	3,646	957	429	5,032
Printing and advertising	1,742	521	2,889	5,152	2,514	1,045	8,711
Licenses, dues and subscriptions	382	164	182	728	181	82	991
Telephone	1,749	487	437	2,673	538	244	3,455
Rents	7,564	2,703	2,422	12,689	2,985	1,352	17,026
Utilities	6,194	2,578	2,309	11,081	2,846	1,288	15,215
Facility maintenance and supplies	1,684	722	647	3,053	797	361	4,211
Travel	2,872	637	2,819	6,328	742	160	7,230
Education and conferences	1,255	609	565	2,429	696	221	3,346
Other meeting costs	36	4	22	62	931	0	993
Special events	0	0	0	0	0	20,776	20,776
Depreciation	1,235	832	547	2,614	145	358	3,117
Totals	<u>\$1,155,111</u>	<u>\$998,852</u>	<u>\$95,209</u>	<u>\$2,249,172</u>	<u>\$144,073</u>	<u>\$ 61,776</u>	<u>\$2,455,021</u>

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

SEACARE HEALTH SERVICES
(A NONPROFIT ORGANIZATION)
 Statements of Cash Flows
 For the Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ -57,219	\$ 71,524
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,410	3,117
Changes in		
Accounts receivable	8,705	-12,525
Prepaid expenses	-3,031	-666
Accounts payable	-540	-6,822
Accrued payroll	11,314	-2,086
Accrued earned time	14,386	365
Realized gains on investment	<u>-9,020</u>	<u>-18,768</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>-32,995</u>	<u>34,139</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash transferred from investment account	45,000	0
Purchase of equipment	<u>-1,995</u>	<u>-717</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>43,005</u>	<u>-717</u>
NET INCREASE IN CASH	10,010	33,422
CASH AT BEGINNING OF YEAR	<u>107,068</u>	<u>73,646</u>
CASH AT END OF YEAR	<u>\$117,078</u>	<u>\$107,068</u>

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

SEACARE HEALTH SERVICES
(A NONPROFIT ORGANIZATION)
Notes to Financial Statements
December 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

SeaCare Health Services is a nonprofit Organization providing access to medical care for uninsured adults, assistance in applying for long-term prescription medications for low income families and home visiting/health coordination services for children.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SeaCare Health Services and changes therein are reported 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 SeaCare Health Services and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by SeaCare Health Services. As of December 31, 2008, there were no permanently restricted net assets.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

Income Taxes

SeaCare Health Services is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income tax in the accompanying financial statements. In addition, SeaCare Health Services has been determined by the Internal Revenue Service not to be a private operating foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2008 and 2007.

SEACARE HEALTH SERVICES
(A NONPROFIT ORGANIZATION)

Notes to Financial Statements

December 31, 2008

(Continued)

NOTE 1 continued

Support and Revenue – Economic Risk

SeaCare Health Services receives its grant and contract support from Federal and State agencies and other nonprofit agencies. Continuation of SeaCare Health Services' various programs is contingent upon future funding from these agencies.

Cash and Cash Equivalents

For purposes of these financial statements, all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2008 and 2007.

Promises to Give

Contributions are recognized when the donor makes a promise to give to SeaCare Health Services. Contributions that are restricted by the donor are reported as increased in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. An allowance for uncollectible unconditional promises is established based upon historical experience and management's evaluation of outstanding unconditional promises at the end of each year.

Investments

Chittenden Investment Services manages the Organization's investments. As of December 31, 2008 and 2007, investments consisted of money market mutual funds with a per share equivalency of one dollar. There were no unrealized gains or losses. Investment return consisted solely of interest dividends.

Vacation Time Earned

~~The Organization has accrued a liability for future compensated leave time that its employees have earned and which is vested with the employee.~~

NOTE 2 PROPERTY AND EQUIPMENT

Equipment is depreciated based on an estimated life of five years using the straight line method. Purchased equipment is recorded and depreciated based on actual cost. Donated equipment is recorded and depreciated based on fair value. Generally, assets over \$1,000 and an estimated life of one year or more are capitalized. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The Organization's depreciation expense was \$2,410 and \$3,117 for the years ended December 31, 2008 and 2007, respectively.

NOTE 3 DONATED SERVICES AND MEDICAL SUPPLIES

Donated Services

Donated services of \$1,214,807 and \$972,102 represent services provided by various physicians and other professionals for the years ended December 31, 2008 and 2007. The donated portion is recorded at fair value of the service less any amounts paid to the professional. Donated services include all amounts reported to SeaCare Health Services by the participating providers.

SEACARE HEALTH SERVICES
(A *NONPROFIT ORGANIZATION*)

Notes to Financial Statements

December 31, 2008

(Continued)

NOTE 3 continued

Donated Medical Supplies

Prescription drugs valued at \$1,647,728 and \$916,629 were donated to SeaCare Health Services clientele during the years ended December 31, 2008 and 2007, respectively.

NOTE 4 OPERATING LEASES

SeaCare Health Services leases office space in Exeter, New Hampshire. This lease was renewed for a three year period as of October 31, 2008. The monthly lease payments are indexed and are \$1,391 for the initial twelve month term. An operating lease for a copier in the amount of \$238 per month expires April 2011.

Given the leases and terms above, future minimum lease payments required over the next four years are as follows:

December 31, 2009	\$19,633
2010	20,138
2011	15,712

NOTE 5 PUBLIC SUPPORT

Corporate and Community

SeaCare Health Services receives funds to enhance program services from various organizations, businesses, municipalities and the general public. They also sponsor a local golf tournament. Funds were received or pledged for the years ended December 31, 2008 and 2007 as follows:

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
Exeter Health Resources	\$275,000	\$106,470	\$381,470	\$381,470
Towns	38,528	0	38,528	37,578
Fundraising and contributions	40,550	0	40,550	44,115
Bank of America	250	0	250	250
Peoples United Bank	500	0	500	0
St. John's Church	0	0	0	500
Exeter New Car Dealers Association	0	0	0	200
Totals	<u>\$354,828</u>	<u>\$106,470</u>	<u>\$461,298</u>	<u>\$464,113</u>

Grants and Contracts – Local

SeaCare Health Services applies for funding from various organizations and businesses and is a member of the Seacoast United Way. Funds were received or pledged for the years ended December 31, 2008 and 2007 as follows:

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
United Way of the Great Seacoast	\$ 9,000	\$37,700	\$46,700	\$ 58,000
The Bank of America Charitable Foundation	20,000	0	20,000	15,000
Barbara and Cyrus Sweet III Fund, GPCF Community Fund and the Oliver Marvin Fund	0	20,000	20,000	20,000

SEACARE HEALTH SERVICES
(A NONPROFIT ORGANIZATION)

Notes to Financial Statements

December 31, 2008

(Continued)

NOTE 5 continued

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
Cogswell Benevolent Trust	\$ 0	\$ 2,500	\$ 2,500	\$ 0
The Agnes M. Lindsay Trust	0	2,500	2,500	0
Avis Goodwin Community Health Center	1,667	0	1,667	0
Dan and Blythe Brown Foundation	2,500	0	2,500	2,500
Bedford Fund	0	0	0	1,000
Madelaine von Weber Trust	0	0	0	4,000
The Rite Aid Foundation	0	0	0	5,000
Guild at Portsmouth Hospital	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Totals	<u>\$33,167</u>	<u>\$62,700</u>	<u>\$95,867</u>	<u>\$106,500</u>

Grants and Contracts – Government

SeaCare Health Services received funding from Federal agencies to improve access to health care services and to increase parental awareness of child health needs. All government funding is considered temporarily restricted by SeaCare Health Services. Funds were received for the years ended December 31, 2008 and 2007 as follows:

	2008	2007
State of New Hampshire, Maternal and Child Health	\$34,800	\$36,050
Community Development Block Grant	<u>5,000</u>	<u>5,000</u>
Totals	<u>\$39,800</u>	<u>\$41,050</u>

NOTE 6 PROGRAM SERVICE REVENUES

The Organization is approved for Medicaid reimbursement for authorized services rendered. Revenue for these program services is \$11,178 for the year ended December 31, 2008.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2008 and 2007:

	2008	2007
Program cash and receivables not yet expended		
Children's Services	\$ 3,308	\$12,217
Medical Access Network, various purposes	6,734	6,734
Medication Bridge	52,685	17,770
Seacoast United Way, Community Response Fund	8,139	6,412
Cogswell Benevolent Trust	1,480	0
The Agnes M. Lindsay Trust	2,500	0
Barbara and Cyrus Sweet III Fund, GPCF		
Community Fund and the Oliver Marvin Fund	15,312	0
General time restrictions on premise		
Seacoast United Way	<u>848</u>	<u>28,277</u>
Totals	<u>\$91,006</u>	<u>\$71,410</u>

SEACARE HEALTH SERVICES

(A NONPROFIT ORGANIZATION)

Notes to Financial Statements

December 31, 2008

(Continued)

NOTE 8 FUNCTIONAL EXPENSES

The expenses of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, expenses have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program and support service are allocated directly. Other expenses that are common to several functions are allocated according to statistical bases.

SeaCare Health Services' principal programs are comprised of the following:

Medical Access Network – The purpose of this program is to provide uninsured adults access to health care services through a network of hundreds of volunteer health professionals. Care Coordinators help clients receive support through community resources and work with them to achieve their personal health goals.

Medication Bridge – This program helps people apply for prescription drugs through pharmaceutical companies' patient assistance programs, which provide medications to low income uninsured patients.

Children's Connection – This program helps families of pediatrics patients with care coordination, home visits, parent support, assistance with applying for services and education around positive parenting, asthma management and attention deficit hyperactivity disorder.

NOTE 9 CASH

The cash balance in Ocean Bank exceeded the amount insured by the Federal Deposit Insurance Corporation at December 31, 2007.