

*Financial Statements*  
*Year Ended*  
*June 30, 2008*

*Fan Free Clinic, Inc.*



***Fan Free Clinic, Inc.***

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## Report of Independent Auditors

Board of Directors  
*Fan Free Clinic, Inc.*

We have audited the accompanying statement of financial position of *Fan Free Clinic, Inc.* as of June 30, 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 management of *Fan Free Clinic, Inc.* Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we 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 the 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 *Fan Free Clinic, Inc.* as of June 30, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2008 on our consideration of *Fan Free Clinic, Inc.*'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our 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 important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Goodman & Company LLP*

Richmond, Virginia

October 15, 2008  
MOORE STEPHENS  
INTERNATIONAL LIMITED

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**Fan Free Clinic, Inc.**

**Statement of Financial Position**

June 30, 2008

Assets	Administrative	Social	Clinical	Health	Property and	Building and	Total
	Fund	Services	Services	Outreach	Equipment	Program	
	Fund	Fund	Fund	Fund	Fund	Reserve	All Funds
Cash and cash equivalents	\$ 134,563	-	-	-	\$ 57,932	\$ 101,742	\$ 294,237
Advances	350	-	-	-	-	-	350
Accounts receivable	1,198	54,584	113,120	56,452	16,936	-	242,290
Pledges receivable	6,206	-	-	-	28,544	-	34,750
Grants receivable	-	-	170,905	-	-	-	170,905
Prepaid expenses	16,176	-	-	-	-	-	16,176
Property and equipment - net	-	-	-	-	1,141,937	-	1,141,937
	\$ 158,493	\$ 54,584	\$ 284,025	\$ 56,452	\$ 1,245,349	\$ 101,742	\$ 1,900,645

**Liabilities and Net Assets**

<b>Liabilities</b>							
Accounts payable	\$ 14,750	\$ 7,401	\$ 6,173	\$ 1,921	\$ -	\$ -	\$ 30,245
Note payable	-	-	-	-	6,064	-	6,064
Due to (from) other funds	286,649	(113,195)	30,786	(276,048)	93,950	(22,142)	-
<b>Total liabilities</b>	301,399	(105,794)	36,959	(274,127)	100,014	(22,142)	36,309
<b>Net assets (deficit)</b>							
Unrestricted	(149,112)	160,378	76,161	330,579	1,116,791	-	1,534,797
Unrestricted - Board designated	-	-	-	-	-	123,884	123,884
<b>Total unrestricted net assets (deficit)</b>	(149,112)	160,378	76,161	330,579	1,116,791	123,884	1,658,681
Temporarily restricted	6,206	-	170,905	-	28,544	-	205,655
<b>Total net assets (deficit)</b>	(142,906)	160,378	247,066	330,579	1,145,335	123,884	1,864,336
	\$ 158,493	\$ 54,584	\$ 284,025	\$ 56,452	\$ 1,245,349	\$ 101,742	\$ 1,900,645

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

*Fan Free Clinic, Inc.*

*Statement of Activities*

*Year Ended June 30, 2008*

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**Fan Free Clinic, Inc.**

**Statement of Activities**

**Year Ended June 30, 2008**

	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
<b>Public support and revenue</b>							
Public support:							
Contributions - cash	\$ 33,589	\$ 7,449	\$ 385,310	\$ 112,550	\$ 36,465	\$ -	\$ 575,363
Contributions - in-kind	1,250	19,500	1,203,316	-	-	-	1,224,066
Special events	47,382	708	744	18,409	-	-	67,243
Public grants - United Way	31,752	44,595	26,820	47,910	-	-	151,077
Public grants - City of Richmond	19,460	297,757	119,426	-	-	-	436,643
Public grants - Virginia Department of Health	2,250	20,250	-	300,416	-	-	322,916
Public grants - other	32,160	20,665	-	-	-	-	52,825
	167,843	410,924	1,735,616	479,285	36,465	-	2,830,133
Revenue:							
Rental income - net	-	-	-	-	22,665	-	22,665
Investment income	-	-	-	-	-	1,905	1,905
Miscellaneous income	6,297	-	-	-	-	-	6,297
<b>Total public support and revenue</b>	174,140	410,924	1,735,616	479,285	59,130	1,905	2,861,000

	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
<b>Expenses</b>							
Program services:							
Clinical health services	-	-	1,642,553	-	-	-	1,642,553
Social and community outreach services	-	423,679	-	362,708	-	-	786,387
	-	423,679	1,642,553	362,708	-	-	2,428,940
Supporting services:							
Management and general	158,809	-	-	-	25,920	-	184,729
Fundraising	27,348	16,310	16,418	36,911	59	-	97,046
Depreciation	-	-	-	-	30,686	-	30,686
	186,157	16,310	16,418	36,911	56,665	-	312,461
<b>Total expenses</b>	186,157	439,989	1,658,971	399,619	56,665	-	2,741,401
<b>Change in net assets</b>							
Unrestricted	(7,462)	(29,065)	132,285	79,666	39,874	1,905	217,203
Temporarily restricted	(4,555)	-	(55,640)	-	(37,409)	-	(97,604)
	(12,017)	(29,065)	76,645	79,666	2,465	1,905	119,599
<b>Net assets (deficit) - beginning of year</b>	(130,889)	189,443	170,421	250,913	1,142,870	121,979	1,744,737
<b>Net assets (deficit) - end of year</b>	\$ (142,906)	\$ 160,378	\$ 247,066	\$ 330,579	\$ 1,145,335	\$ 123,884	\$ 1,864,336

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

**Fan Free Clinic, Inc.**

**Statement of Functional Expenses**

**Year Ended June 30, 2008**

	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
Salaries	\$ 90,636	\$ 206,221	\$ 286,366	\$ 231,761	\$ -	\$ -	\$ 814,984
Employees' health benefits	17,084	23,917	28,071	29,047	-	-	98,119
Payroll taxes	5,860	15,354	21,943	18,541	-	-	61,698
Retirement plan	6,707	3,876	6,699	8,393	-	-	25,675
<b>Total salaries and related expenses</b>	<b>120,287</b>	<b>249,368</b>	<b>343,079</b>	<b>287,742</b>	<b>-</b>	<b>-</b>	<b>1,000,476</b>
Donated labs	-	-	900,943	-	-	-	900,943
Salaries-in-kind	1,250	19,500	302,373	-	-	-	323,123
Specific assistance	-	122,560	-	-	-	-	122,560
Fundraising	27,348	16,310	16,418	36,911	59	-	97,046
Supplies	3,167	1,687	43,856	23,527	-	-	72,237
Occupancy	7,217	8,822	18,967	14,695	-	-	49,701
Building expenses	-	-	-	-	24,770	-	24,770
Property taxes	3,066	3,066	3,066	3,066	-	-	12,264
Professional fees	5,665	1,515	850	10,085	-	-	18,115
Insurance	2,406	2,809	7,473	2,809	-	-	15,497
Telephone	4,080	4,117	1,829	5,427	-	-	15,453
Equipment rental	2,308	2,331	3,938	3,598	-	-	12,175
Membership dues	-	552	10,774	234	-	-	11,560
Travel	364	2,853	192	8,044	-	-	11,453
Other	3,642	951	659	2,436	40	-	7,728
Recruitment	1,904	924	1,805	-	-	-	4,633
Postage	1,069	1,506	1,149	486	-	-	4,210
Conferences	2,298	690	151	-	-	-	3,139
Printing	86	428	1,449	559	348	-	2,870
Interest	-	-	-	-	762	-	762
<b>Total expenses before depreciation</b>	<b>186,157</b>	<b>439,989</b>	<b>1,658,971</b>	<b>399,619</b>	<b>25,979</b>	<b>-</b>	<b>2,710,715</b>
Depreciation	-	-	-	-	30,686	-	30,686
<b>Total expenses</b>	<b>\$ 186,157</b>	<b>\$ 439,989</b>	<b>\$ 1,658,971</b>	<b>\$ 399,619</b>	<b>\$ 56,665</b>	<b>\$ -</b>	<b>\$ 2,741,401</b>

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

**Fan Free Clinic, Inc.**

**Statement of Cash Flows**

**Year Ended June 30, 2008**

	Administrative Fund	Social Services Fund	Clinical Services Fund	Health Outreach Fund	Property and Equipment Fund	Building and Program Reserve Fund	Total All Funds
<b>Cash flows from operating activities</b>							
Change in net assets	\$ (12,017)	\$ (29,065)	\$ 76,645	\$ 79,666	\$ 2,465	\$ 1,905	\$ 119,599
Adjustments to reconcile to net cash from operating activities:							
Depreciation (including rental of \$6,366)	-	-	-	-	37,052	-	37,052
Change in:							
Accounts receivable	(2,887)	(10,135)	(265,501)	14,730	(11,987)	-	(275,780)
Pledges receivable	-	-	-	-	35,896	-	35,896
Grants receivable	-	-	226,545	-	-	-	226,545
Prepaid expenses	(275)	-	-	-	-	-	(275)
Accounts payable	4,450	4,799	791	(1,444)	-	-	8,596
<b>Net cash from operating activities</b>	<b>(10,729)</b>	<b>(34,401)</b>	<b>38,480</b>	<b>92,952</b>	<b>63,426</b>	<b>1,905</b>	<b>151,633</b>

<b>Cash flows from investing activities</b>	
Purchase of property and equipment	(38,829)
Due to/from other funds	67,279
<b>Net cash from investing activities</b>	<b>28,450</b>

<b>Cash flows from financing activities</b>	
Principal payments on note payable	(35,457)

**Net change in cash and cash equivalents** 23,828 - - 56,419 (2,900) 77,347

**Cash and cash equivalents - beginning of year** 110,735 - - 1,513 104,642 216,890

**Cash and cash equivalents - end of year** \$ 134,563 \$ - \$ - \$ 57,932 \$ 101,742 \$ 294,237

**Supplemental disclosure of cash flow information**

Cash paid for interest \$ - \$ - \$ - \$ 1,143 \$ - \$ 1,143

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

## *Fan Free Clinic, Inc.*

### *Notes to Financial Statements*

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June 30, 2008

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#### 1. Organization and Nature of Activities

*Fan Free Clinic, Inc.* (Clinic), established in 1970, provides health care and health information in a way that is considerate of the needs of people who have difficulty obtaining health care. The Clinic's programs emphasize cooperative volunteer service delivery, with significant support through contracts with federal, state and local governments.

#### 2. Summary of Significant Accounting Policies

##### **Basis of Presentation**

The Clinic reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The financial statements report amounts separately by class of assets as follows:

**Unrestricted** amounts are those currently available at the discretion of the Clinic's Board of Directors for use in the Clinic's operations and those resources invested in property or equipment.

**Temporarily restricted** amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted** amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Clinic has no permanently restricted net assets as of June 30, 2008.

##### **Fund Accounting**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Clinic, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund, with all financial transactions recorded and reported by fund group.

The Property and Equipment Fund includes grant money restricted for use in conjunction with the capacity building program.

The Building and Program Reserve Fund was established by the Board as a reserve for future building contingencies and as a source of funds for start-up and development costs for new programs.

### **Cash and Cash Equivalents**

The Clinic includes in cash and cash equivalents all investments purchased with a maturity of three months or less.

### **Property and Equipment**

Expenditures for the acquisition of property and equipment are capitalized at cost. Donated furniture and equipment is capitalized at the fair market value. Depreciation is provided over the estimated useful lives of the assets (generally five years for equipment and software and thirty-nine years for building) on the straight-line method.

### **Recognition of Restricted Revenue**

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 temporary or permanently restricted net assets depending on the nature of the restriction.

### **Income Taxes**

A nonprofit organization, the Clinic is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia.

### **Concentration of Credit Risk**

Financial instruments that potentially subject the Clinic to concentrations of credit risk consist principally of cash in excess of federally insured limits (\$203,349 at June 30, 2008) and accounts receivable. Cash is held in financial institution whose credit ratings are monitored by management. Accounts receivable consist of balances due from several federal, state and local governmental agencies and are historically fully collectible. These policies mitigate the Clinic's exposure to concentration of credit risk.

### **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 the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates and assumptions.

## **3. Property and Equipment**

Major classes of property and equipment consist of the following:

Land	\$	200,000
Building		1,119,981
Equipment		118,564
Vehicles		13,000
Software		11,768
		<hr/>
		1,463,313
Less – accumulated depreciation		<hr/>
		(321,376)
		<hr/>
	\$	<u>1,141,937</u>

#### 4. Note Payable

Note payable consists of a bank loan collateralized by the Clinic's real property. The loan requires monthly payments of \$3,050, including principal and interest at the rate of 4.5%. Payment is due in full by August 15, 2008.

Future maturities of the loan at June 30 are as follows:

2009	<u>\$ 6,064</u>
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#### 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	Property and Equipment	Clinical Services	Administrative	Total
Balance – June 30, 2007	\$ 65,953	\$ 226,545	\$ 10,761	\$ 303,259
Revenues for restricted purposes	-	70,905	-	70,905
Expenditures for restricted purposes	(1,513)	(126,545)	(10,761)	(138,819)
Change in pledges receivable	(35,896)	-	6,206	(29,690)
Balance – June 30, 2008	<u>\$ 28,544</u>	<u>\$ 170,905</u>	<u>\$ 6,206</u>	<u>\$ 205,655</u>

The property and equipment and administrative restricted net assets balances represent pledges receivable which have an implied time restriction. The clinical services balance represents grants received for specific programs.

#### 6. Contributed Services, Materials and Facilities

The Clinic relies on an extensive network of volunteers who contribute their services on an on-going basis. Support arising from these contributed services, amounting to \$348,717 for 2008, of which \$323,123 met the criteria for recognition under accounting principles generally accepted in the United States of America and has been recognized in the accompanying financial statements. The value of the contribution of these services is equal to the estimated amounts that would be paid if the Clinic had contracted independently for such services.

Donated laboratory services are also reflected as in-kind contributions, with a corresponding expense, in the accompanying financial statements at their estimated value at date of receipt, amounting to approximately \$900,943 for 2008.

#### 7. Support from Governmental Units

During the year ended June 30, 2008, approximately 50% of support came from federal, state and local government sources. Any significant reduction in the level of this support would have a corresponding effect on the Clinic's ability to maintain its current programs and services.

**8. Pension Plan**

The Clinic has a simplified employee pension plan, which provides a contribution amount equal to 3% of each qualified employee's gross yearly salary. The Plan is open to all employees over 21 years of age. Contributions for the plan were \$25,675 for 2008.

**9. Pledges Receivable**

The Clinic has pledges receivable are as follows:

	Due Within		
	1 Year	2 - 5 Years	Total
Administrative fund	\$ 3,627	\$ 2,682	\$ 6,309
Property and equipment fund	16,390	12,640	29,030
Total	\$ 20,017	\$ 15,322	35,339
Less -discount (4%)			<u>(589)</u>
Net present value			<u>\$ 34,750</u>

\* \* \* \* \*

*Fan Free Clinic, Inc.*

*Compliance Section*

*Year Ended June 30, 2008*



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***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***

Board of Directors  
*Fan Free Clinic, Inc.*

We have audited the financial statements of *Fan Free Clinic, Inc.* as of and for the year ended June 30, 2008, and have issued our report thereon dated October 15, 2008. We conducted our 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 our audit, we considered *Fan Free Clinic, Inc.*'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose expressing an opinion on the effectiveness of *Fan Free Clinic, Inc.*'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of *Fan Free Clinic, Inc.*'s internal control over financial reporting.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 entity's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether *Fan Free Clinic, Inc.*'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 our audit, and accordingly, we do not express such an opinion. The results of our 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, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hoodman & Company LLP*

Richmond, Virginia

October 15, 2008



Certified Public Accountants  
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***Report on Compliance With Requirements Applicable  
to Each Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133***

Board of Directors  
***Fan Free Clinic, Inc.***

***Compliance***

We have audited the compliance of ***Fan Free Clinic, Inc.*** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. ***Fan Free Clinic, Inc.***'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of ***Fan Free Clinic, Inc.***'s management. Our responsibility is to express an opinion on ***Fan Free Clinic, Inc.***'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ***Fan Free Clinic, Inc.***'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ***Fan Free Clinic, Inc.***'s compliance with those requirements.

In our opinion, ***Fan Free Clinic, Inc.*** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

***Internal Control Over Compliance***

The management of ***Fan Free Clinic, Inc.*** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered ***Fan Free Clinic, Inc.***'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of ***Fan Free Clinic, Inc.***'s internal control over compliance. Accordingly, we do not express our opinion on the effectiveness of ***Fan Free Clinic, Inc.***'s internal control over compliance.

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A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Goodman & Company LLP*

Richmond, Virginia  
October 15, 2008

*Fan Free Clinic, Inc.*

*Schedule of Expenditures of Federal Awards*

*and*

*Schedule of Findings and Questioned Costs*

*Year Ended June 30, 2008*

*Fan Free Clinic, Inc.*

*Schedule of Expenditures of Federal Awards*

**June 30, 2008**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
U. S. Department of Health and Human Services		
Pass-through payments from:		
Virginia Department of Health		
HIV Care Formula Grants	93.917	\$ 95,107
HIV Prevention Activities - Health Department Based	93.940	128,845
Central Virginia HIV Care Consortium		
HIV Care Formula Grants	93.917	20,665
Virginia Commonwealth University		
Coordinated Services and Access to Research for		
Women, Infants, Children and Youth	93.153	1,464
U. S. Department of Housing and Urban Development		
Pass-through payments from:		
City of Richmond		
Housing Opportunities for Persons with AIDS	* 14.241	317,217
		<u>\$ 563,298</u>

Notes:

- 1) Type A program dollar threshold - \$300,000.
- 2) The schedule is prepared using the accrual basis of accounting.

\*Denotes major program

*Fan Free Clinic, Inc.*

*Schedule of Findings and Questioned Costs*

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**June 30, 2008**

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**1. Summary of Auditors' Results**

- a. An unqualified opinion was issued on the financial statements.
- b. There were no significant deficiencies noted in internal control to disclose.
- c. The audit did not disclose any material noncompliance.
- d. There were no significant deficiencies noted in internal control over major programs to disclose.
- e. An unqualified opinion was issued on compliance for major programs.
- f. The audit did not disclose any audit findings required to be reported.
- g. The major program was Housing Opportunities for Persons with AIDS.
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The auditee did qualify as a low-risk auditee.

**2. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with GAGAS**

- a. None

**3. Findings and Questioned Costs for Federal Awards**

- a. None

**4. Disposition of Prior Year Findings**

- a. None