

AUDITED FINANCIAL STATEMENTS

The MetroHealth Foundation, Inc.

December 31, 2005 and 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
The MetroHealth Foundation, Inc.
2500 MetroHealth Drive
Cleveland, Ohio 44109

We have reviewed the *Report of Independent Auditors* of The MetroHealth Foundation, Inc., Cuyahoga County, prepared by Barnes Wendling CPAs, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The The MetroHealth Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 25, 2006

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Report of Independent Auditors

February 22, 2006

Board of Trustees
The MetroHealth Foundation, Inc.
Cleveland, Ohio

We have audited the accompanying statements of financial position of The MetroHealth Foundation, Inc., a component unit of the MetroHealth System, as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of The MetroHealth Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 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. We believe that our audits provide 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 The MetroHealth Foundation, Inc. at December 31, 2005 and 2004, and the results of its operations, changes in net assets and cash flows for the years 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 February 22, 2006, on our consideration of The MetroHealth Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Barnes Wendling CPAs, Inc.

The MetroHealth Foundation, Inc.

Statements of Financial Position

| | December 31 | December 31 |
|--|----------------------|----------------------|
| | 2005 | 2004 |
| Assets | | |
| Cash and cash equivalents | \$ 683,994 | \$ 859,021 |
| Pledge receivables, net | 1,351,392 | 1,631,625 |
| Investments, at fair value | 18,544,551 | 14,704,402 |
| Due from The MetroHealth System | 100,555 | 72,483 |
| Other | 15,030 | 28,863 |
| Total assets | <u>\$ 20,695,522</u> | <u>\$ 17,296,394</u> |
| Liabilities and Net Assets | | |
| Accounts payable and other | \$ 140,174 | \$ 137,585 |
| Annuity payment obligations | 72,484 | 75,083 |
| Grants payable to The MetroHealth System | 1,472,217 | 323,024 |
| Notes payable | 380,985 | 295,524 |
| Accrued interest payable | 5,197 | - |
| Income tax payable | 107,000 | - |
| Total liabilities | <u>2,178,057</u> | 831,216 |
| Net assets: | | |
| Unrestricted: | | |
| Operating | 4,494,729 | 4,394,316 |
| Temporarily restricted: | | |
| Specific purpose funds | 8,158,721 | 7,298,113 |
| Permanently restricted: | | |
| Endowment | 5,864,015 | 4,772,749 |
| Total net assets | <u>18,517,465</u> | <u>16,465,178</u> |
| Total liabilities and net assets | <u>\$ 20,695,522</u> | <u>\$ 17,296,394</u> |

See notes to the financial statements.

The MetroHealth Foundation, Inc.

Statement of Activities

Year ended December 31, 2005

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|---------------------|---------------------------|---------------------------|----------------------|
| Revenue | | | | |
| Gifts and grants | \$ 1,205,727 | \$ 2,988,602 | \$ 175,252 | \$ 4,369,581 |
| Program income | - | 54,008 | - | 54,008 |
| Investment income | 846,063 | 717,876 | 107,564 | 1,671,504 |
| Net assets released from restrictions | 3,144,534 | (3,144,534) | - | - |
| Total revenue | <u>5,196,324</u> | <u>615,953</u> | <u>282,816</u> | <u>6,095,093</u> |
| Expenses | | | | |
| Grants and distributions | 3,202,534 | - | - | 3,202,534 |
| Fundraising expenses | 1,123,361 | - | - | 1,123,361 |
| Administrative expenses: | | | | |
| Purchased services | 383,709 | - | - | 383,709 |
| Provision for bad debts | 5,228 | - | - | 5,228 |
| Unrelated business income tax | 163,000 | - | - | 163,000 |
| Other | 250,559 | - | - | 250,559 |
| Total administrative expenses | <u>802,496</u> | <u>-</u> | <u>-</u> | <u>802,496</u> |
| Total expenses | <u>5,128,391</u> | <u>-</u> | <u>-</u> | <u>5,128,391</u> |
| Increase in net assets | 67,933 | 615,953 | 282,816 | 966,702 |
| Net assets at beginning of year | 4,394,316 | 7,298,113 | 4,772,749 | 16,465,178 |
| Net asset transfer | - | - | - | - |
| Change in donor designation (Note 2) | 32,480 | (90,930) | 58,450 | - |
| Transfer from The MetroHealth System (Note 3) | - | 335,585 | 750,000 | 1,085,585 |
| Net assets at end of year | <u>\$ 4,494,729</u> | <u>\$ 8,158,721</u> | <u>\$ 5,864,015</u> | <u>\$ 18,517,465</u> |

See notes to the financial statements.

The MetroHealth Foundation, Inc.

Statement of Activities

Year ended December 31, 2004

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|---------------------|---------------------------|---------------------------|----------------------|
| Revenue | | | | |
| Gifts and grants | \$ 807,150 | \$ 1,984,298 | \$ 1,289,977 | \$ 4,081,425 |
| Program income | - | 42,382 | - | 42,382 |
| Investment income | 402,723 | 676,745 | 311,093 | 1,390,561 |
| Net assets released from restrictions | 1,676,520 | (1,676,520) | - | - |
| Total revenue | <u>2,886,393</u> | <u>1,026,905</u> | <u>1,601,070</u> | <u>5,514,368</u> |
| Expenses | | | | |
| Grants and distributions | 1,755,616 | - | - | 1,755,616 |
| Fundraising expenses | 1,175,454 | - | - | 1,175,454 |
| Administrative expenses: | | | | |
| Purchased services | 132,211 | - | - | 132,211 |
| Provision for bad debts | 2,698 | - | - | 2,698 |
| Unrelated business income tax | - | - | - | - |
| Other | - | - | - | - |
| Total administrative expenses | <u>134,909</u> | <u>-</u> | <u>-</u> | <u>134,909</u> |
| Total expenses | <u>3,065,979</u> | <u>-</u> | <u>-</u> | <u>3,065,979</u> |
| Increase (decrease) in net assets | (179,586) | 1,026,905 | 1,601,070 | 2,448,389 |
| Net assets at beginning of year | 4,515,865 | 6,201,187 | 3,182,173 | 13,899,225 |
| Net asset transfer (Note 1) | 170,419 | - | (170,419) | - |
| Change in donor designation (Note 2) | (112,382) | (47,543) | 159,925 | - |
| Transfer from The MetroHealth System (Note 3) | - | 117,564 | - | 117,564 |
| Net assets at end of year | <u>\$ 4,394,316</u> | <u>\$ 7,298,113</u> | <u>\$ 4,772,749</u> | <u>\$ 16,465,178</u> |

See notes to the financial statements.

The MetroHealth Foundation, Inc.

Statements of Cash Flows

| | December 31 | December 31 |
|---|--------------------|--------------------|
| | 2005 | 2004 |
| Operating activities | | |
| Increase in net assets | \$ 966,702 | \$ 2,448,390 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Permanently restricted contributions | (175,252) | (1,289,977) |
| Net gain on investments | (1,425,436) | (1,225,909) |
| (Increase) decrease in assets: | | |
| Pledge receivables, net | 280,233 | 2,253,496 |
| Due from The MetroHealth System | (28,072) | 148,349 |
| Other assets | 13,833 | (16,863) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 2,589 | (31,026) |
| Grants payable | 1,149,193 | 63,819 |
| Accrued interest payable | 5,197 | - |
| Income tax payable | 107,000 | - |
| Annuity payment obligations | (2,599) | (2,600) |
| Net cash provided by operating activities | <u>893,388</u> | <u>2,347,679</u> |
| Investing activities | | |
| Proceeds from sale of investments | 1,547,542 | 323,764 |
| Purchase of investments | (3,962,255) | (5,681,784) |
| Net cash used in investing activities | <u>(2,414,713)</u> | <u>(5,358,020)</u> |
| Financing activities | | |
| Proceeds from long-term debt | 178,141 | 295,524 |
| Repayment of long-term debt | (92,680) | - |
| Fund transfers | 1,085,585 | 117,564 |
| Permanently restricted contributions | 175,252 | 1,289,977 |
| Net cash provided by financing activities | <u>1,346,298</u> | <u>1,703,065</u> |
| (Decrease) increase in cash and cash equivalents | (175,027) | (1,307,276) |
| Cash and cash equivalents at beginning of year | 859,021 | 2,166,297 |
| Cash and cash equivalents at end of year | <u>\$ 683,994</u> | <u>\$ 859,021</u> |
| Cash paid for interest | \$ 4,929 | \$ 266 |
| Cash paid for income taxes | <u>\$ 56,000</u> | <u>\$ -</u> |

See notes to the financial statements.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Years ended December 31, 2005 and 2004

1. Summary of Organization and Significant Accounting Policies

The MetroHealth Foundation, Inc. (the Foundation) is a not-for-profit organization. The Foundation's purpose is to raise charitable funds and receive grants for the support of projects and goals of The MetroHealth System (the System). Certain administrative, development and accounting services are provided to the Foundation by the System at no charge.

A summary of significant accounting policies is presented below:

Income Taxes — The Foundation is an Ohio nonprofit corporation and was granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax on related income pursuant to Section 501(a) of the Code. The Foundation is required to pay income taxes on unrelated business income earned by the Foundation as discussed in Note 9.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue — Gifts, grants, and program income result from fundraising activities of the Foundation. Though donations are solicited for the Foundation, donors occasionally make their gifts directly to the System.

Cash and Cash Equivalents — The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments and Investment Income (Loss) — Investments are stated at fair value based upon quoted market prices and changes in unrealized gains and losses are reflected in the statement of activities. Investment income includes realized gains and losses (the difference between proceeds received and average cost), unrealized gains and losses, interest and dividends.

Annuity Payment Obligations — The Foundation has entered into gift annuity agreements, which include provisions requiring the Foundation to pay periodic fixed payments to beneficiaries during their lifetimes. Charitable gift annuities differ from other charitable giving options in that the annuity is a general obligation of the Foundation. Accordingly, if the assets of the gift are exhausted as a result of required payments to beneficiaries, unrestricted assets of the Foundation will be utilized to fund future payments.

The MetroHealth Foundation, Inc.

Notes to Financial Statements (continued)

Years ended December 31, 2005 and 2004

1. Summary of Organization and Significant Accounting Policies (continued)

Basis of Presentation — The Foundation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) no. 116 and 117.

Presentation — Under SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, the Foundation is required to report 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.

Donated Services — Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Unrestricted Net Assets — Unrestricted net assets result from public support and revenue not subject to donor imposed restrictions. Gifts and grants revenue includes gifts in-kind that are recorded at fair value as of the donation date.

Temporarily Restricted Net Assets — Temporarily restricted net assets are used to differentiate resources, the use of which has been restricted by the donors or grantors to a specific time period or purpose, from resources on which no external restrictions have been placed or which arise as a result of the operation of the Foundation. Temporarily restricted gifts and related investment income are recorded as an addition to temporarily restricted net assets in the period received.

Permanently Restricted Net Assets — Permanently restricted net assets (endowment funds) consist of amounts held in perpetuity for terms designated by donors. Investment income on investments in permanently restricted net assets is recorded as an increase to the related temporarily restricted net assets. Gains (losses) on investments are recorded as an addition (deduction) to permanently restricted net assets in the period received in accordance with the donor's intentions. Earnings on investments of the endowment funds are expendable to support awards, education and research activities. The Foundation transferred \$170,419 December 31, 2004, from permanently restricted net assets to unrestricted net assets to restore amounts previously transferred in prior years in order to maintain donor restricted endowment funds at the level required by the donor stipulations.

Reclassifications — Certain amounts from the 2004 financial statements have been reclassified to conform with the 2005 presentation

The MetroHealth Foundation, Inc.

Notes to Financial Statements (continued)

Years ended December 31, 2005 and 2004

2. Change in Donor Designation

During 2005 and 2004, the Foundation reevaluated and received confirmation from certain donors indicating a different net asset classification than was originally communicated. The net effect of these adjustments are included in the statement of activities.

3. Related Party Transactions

The System transfers unrestricted monies primarily related to completed clinical trials and temporarily restricted donations to the Foundation. The System submits grant proposals to the Foundation. It also requests distributions of funds as expenses are incurred by the System that are consistent with the Foundation fund purposes. In 2005, the System transferred net assets to the permanently restricted net assets and the temporarily restricted net assets of the Foundation in the amount of \$750,000 and \$335,585, respectively. In 2004, the System transferred net assets to the temporarily restricted net assets in the amount of \$117,564. Grants and distributions payable of \$1,472,217 and \$323,024 were due to the System for grants approved by the Foundation, but not yet paid, at December 31, 2005 and 2004, respectively. At December 31, 2005 and 2004 there were no outstanding grant requests. When grants awarded to the System have unexpended balances at year-end, the residual is returned to the Foundation; as of December 31, 2005 and 2004 the receivable due from the System was \$100,555 and \$72,483 respectively. These funds may then be redistributed for the same or different purposes based on the need in subsequent years. In 2005, The MetroHealth System identified \$875,012 of In-Kind Support to the Foundation representing purchased services, rent and other expenses which are included in these financial statements. In 2004, no In-Kind Support was included the financial statements.

4. Pledge Receivables

Pledge receivables are recorded at net present value using a discount rate of 3.25% for 2005 and 2004, less an allowance for uncollectible accounts, and are due in future years at December 31, as follows:

| | <u>2005</u> | <u>2004</u> |
|---|---------------------|---------------------|
| Less than one year | \$ 715,753 | \$ 681,032 |
| One to five years | 753,031 | 1,119,351 |
| | <u>1,468,784</u> | <u>1,800,383</u> |
| Allowance for uncollectible pledges and present value discount | <u>(117,392)</u> | <u>(168,758)</u> |
| | <u>\$ 1,351,392</u> | <u>\$ 1,631,625</u> |

The MetroHealth Foundation, Inc.

Notes to Financial Statements (continued)

Years ended December 31, 2005 and 2004

5. Conditional Promises to Give

The Foundation received a conditional pledge of \$10,000,000 commencing in 2005 payable over the next 10 years at \$1,000,000 per year. The outstanding balance of \$9,000,000 at December 31, 2005 is not included in these financial statements in accordance with SFAS No. 117.

6. Investments

Fair value and cost of investments at December 31, are as follows:

| | 2005 | | 2004 | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Mutual funds | \$ 5,154,623 | \$ 5,258,135 | \$ 4,123,390 | \$ 4,098,662 |
| Common stock | 12,667,139 | 10,839,289 | 10,353,736 | 8,880,246 |
| Premier Purchasing Partners, L.P. | 722,789 | 722,789 | 227,276 | 227,276 |
| | \$ 18,544,551 | \$ 16,820,213 | \$ 14,704,402 | \$ 13,206,184 |

Investment income for the years ending December 31, 2005 and 2004 consisted of the following:

| | 2005 | 2004 |
|------------------------|---------------------|---------------------|
| Interest and dividends | \$ 246,068 | \$ 164,652 |
| Net realized gains | 1,199,316 | 120,612 |
| Net unrealized gains | 226,120 | 1,105,297 |
| | \$ 1,671,504 | \$ 1,390,561 |

The Foundation's investments had cumulative unrealized gains of \$1,827,568 and \$1,505,816 and cumulative unrealized losses of \$103,230 and \$7,598 at December 31, 2005 and 2004, respectively.

The MetroHealth Foundation, Inc.

Notes to Financial Statements (continued)

Years ended December 31, 2005 and 2004

7. Notes Payable

The Foundation's obligation under notes payable consists of the following:

| | <u>2005</u> | <u>2004</u> |
|---|-------------------|-------------------|
| Non Interest bearing note payable, due in one installment of \$75,000 May 31, 2005 | - | \$ 75,000 |
| 3.96% note payable, due in semi annual installments of \$22,052 plus interest, through December 31, 2009, secured by its equity interest in Premier Purchasing Partners, L.P. | \$ 202,844 | 220,524 |
| 3.96% note payable, due in semi annual installments of \$17,815 plus interest, through June 30, 2010, secured by a Collateral Assignment of limited partnership interest in Premier Purchasing Partners, L.P. | <u>178,141</u> | <u>-</u> |
| Total Notes Payable | <u>\$ 380,985</u> | <u>\$ 295,524</u> |

The future scheduled maturities of the notes payable are as follows:

Years ending December, 31:

| | |
|------|-------------------|
| 2006 | \$ 79,734 |
| 2007 | 79,734 |
| 2008 | 79,734 |
| 2009 | 79,734 |
| 2010 | <u>62,049</u> |
| | <u>\$ 380,985</u> |

The MetroHealth Foundation, Inc.

Notes to Financial Statements (continued)

Years ended December 31, 2005 and 2004

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, as follows:

| | <u>2005</u> | <u>2004</u> |
|--------------------------------------|---------------------|---------------------|
| Care Management and Social Work | \$ 14,219 | \$ 14,906 |
| Community Health | 738,017 | 852,587 |
| Dentistry | 13,499 | 13,872 |
| Dermatology | 36,663 | 28,637 |
| Emergency Medicine | 268,633 | 259,630 |
| Heart and Vascular | 461,678 | 381,828 |
| Medical Operations | 427,951 | 341,663 |
| Medical Specialties | 999,898 | 898,968 |
| Nutrition | 19,861 | 19,368 |
| Pathology | 16,339 | 15,507 |
| Pediatrics | 650,733 | 410,676 |
| Physical Medicine and Rehabilitation | 263,367 | 258,746 |
| Primary Care | 109,089 | 107,220 |
| Psychiatry | 294,759 | 219,291 |
| Pulmonary | 188,979 | 202,816 |
| Radiology | 322,390 | 301,536 |
| Research | 468,358 | 317,096 |
| Surgical Specialties | 2,156,117 | 1,452,234 |
| System Wide | 566,982 | 1,074,327 |
| Women's Health | 141,189 | 127,205 |
| | <u>\$ 8,158,721</u> | <u>\$ 7,298,113</u> |

9. Unrelated Business Income Tax

As discussed in Note 1, the Foundation is exempt from paying income taxes on income related to its general business purpose. The Foundation is required to pay taxes on unrelated business income, such as the income earned through the Foundation's investment in Premier Purchasing Partners, L.P. During the years ended December 31, 2005 and 2004, the Foundation received income of \$229,235 and \$-0-, respectively, from its investment in Premier Purchasing Partners, L.P. Additionally, the Foundation has estimated it will receive another \$308,000 of income in 2006 that was earned prior to December 31, 2005. As such, the Foundation has paid \$56,000 of estimated taxes and accrued an additional \$107,000 at December 31, 2005 based on this estimate.

The MetroHealth Foundation, Inc.

Notes to Financial Statements (continued)

Years ended December 31, 2005 and 2004

10. Grants Expended from Net Assets Released from Restrictions

Grants were expended from net assets released from restrictions for the years ended December 31, as follows:

| | <u>2005</u> | <u>2004</u> |
|---|---------------------|---------------------|
| Net assets were released from donor restrictions by incurring expense satisfying the following temporarily restricted purposes: | | |
| Capital Equipment | \$ 690,643 | \$ 233,514 |
| Education | 558,626 | 497,169 |
| Fundraising | 77,535 | 53,038 |
| Patient Care | 1,425,934 | 358,996 |
| Research | 99,835 | 296,367 |
| Recruitment | 34,525 | 19,375 |
| Other | 257,436 | 218,061 |
| | <u>\$ 3,144,534</u> | <u>\$ 1,676,520</u> |

11. Concentrations

The Foundation maintains cash balances at banks, which are insured by the Federal Deposit Insurance Corporation up to \$100,000, and the Foundation may exceed this amount from time to time.

12. Change in Accounting Principle

The Foundation recorded \$875,012 of in-kind contributions and expenses from the MetroHealth System for the year ending December 31, 2005. An in-kind contribution was not recorded for the year ended December 31, 2004.

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

February 22, 2006

The Board of Directors
The MetroHealth Foundation, Inc.
Cleveland, Ohio

We have audited the financial statements of The MetroHealth Foundation, Inc., a component unit of The MetroHealth System, as of and for the year ended December 31, 2005, and have issued our report dated February 22, 2006. 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 The MetroHealth Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether The MetroHealth Foundation'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.

However, we noted certain matters that we have reported to management of The MetroHealth Foundation in a separate letter dated February 22, 2006.

This report is intended solely for the information and use of the board of trustees, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Barnes Wendling CPAs Inc.



**Auditor of State
Betty Montgomery**

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THE METROHEALTH FOUNDATION, INC.

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2006**