

Chatham County Safety Net Planning Council, Inc.

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

June 30, 2016 and 2015



HILLIARD & MILTON, LLC

Certified Public Accountants
Certified Internal Auditors
Certified Government Auditing Professionals

Chatham County Safety Net Planning Council, Inc.

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Years Ended June 30, 2016 and 2015

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HILLIARD & MILTON, LLC

A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

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18 S. Third Ave.
McRae Helena, GA 31055

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chatham County Safety Net Planning Council, Inc.
Savannah, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Chatham County Safety Net Planning Council, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chatham County Safety Net Planning Council, Inc. as of June 30, 2016 and 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 5 and 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hilliard & Milton, LLC

McRae Helena, Georgia

October 3, 2016

Chatham County Safety Net Planning Council, Inc.

Statements of Financial Position

June 30, 2016 and 2015

ASSETS	2016	2015
Current assets:		
Cash and cash equivalents - undesignated	\$ 1,268,205	\$ 1,190,181
Receivables:		
Indigent care trust funds	-	36,068
Donations	5,000	-
Other	241	691
Total current assets	1,273,446	1,226,940
Fixed assets - at cost, less accumulated depreciation of \$438,988 and \$420,419, respectively	10,153	28,722
Total assets	\$ 1,283,599	\$ 1,255,662
LIABILITIES AND NET ASSETS		
Current liabilities -		
Accounts payable	\$ 21,092	\$ 84,647
Total current liabilities	21,092	84,647
Net assets -		
Unrestricted - undesignated	1,262,507	1,171,015
Total net assets	1,262,507	1,171,015
Total liabilities and net assets	\$ 1,283,599	\$ 1,255,662

See independent auditor's report and accompanying notes to financial statements.

Chatham County Safety Net Planning Council, Inc.

Statements of Activities

For the Years Ended June 30, 2016 and 2015

UNRESTRICTED NET ASSETS	<u>2016</u>	<u>2015</u>
Public support and revenue -		
Public support -		
Received directly -		
Contributions	\$ 7,500	\$ 18,900
Total public support	<u>7,500</u>	<u>18,900</u>
Revenue:		
Local grants	566,461	599,068
Interest	5	5
Total revenue	<u>566,466</u>	<u>599,073</u>
Total unrestricted support and revenues	<u>573,966</u>	<u>617,973</u>
Expenses:		
Program services:		
HIE Chatham County Indigent Care	316,751	156,050
NLC Campaign	33,507	48,513
Campaign 2	23,470	-
Supporting services -		
Administration	<u>108,746</u>	<u>163,785</u>
Total expenses	<u>482,474</u>	<u>368,348</u>
Change in net assets	91,492	249,625
Net assets, beginning	<u>1,171,015</u>	<u>921,390</u>
Net assets, ending	<u><u>\$ 1,262,507</u></u>	<u><u>\$ 1,171,015</u></u>

See independent auditor's report and accompanying notes to financial statements.

Statement of Functional Expenses Actual and Budget

Year Ended June 30, 2016

See independent auditor's report and accompanying notes to financial statements.

Chatham County Safety Net Planning Council, Inc.

Statement of Functional Expenses
Actual and Budget

Year Ended June 30, 2015

	HIE Chatham County			Total Expenses	Budget	Variance Favorable (Unfavorable)
	Indigent Care	NLC Campaign	Campaign 2			
Expenses:						
Salaries	\$ -	\$ 41,308	\$ -	\$ 110,308	\$ 143,200	\$ 32,892
Taxes and licenses	-	3,799	-	10,225	16,432	6,207
Travel / training	247	1,046	-	4,264	14,600	10,336
Contracted services	135,565	628	-	171,219	225,492	54,273
Postage	310	-	-	352	420	68
Supplies and materials	1,026	552	-	2,105	1,640	(465)
Depreciation	-	-	-	47,312	-	(47,312)
Insurance and bonding	17,902	-	-	19,906	21,000	1,094
Other	1,000	1,180	-	2,657	38,950	36,293
Total expenses	\$ 156,050	\$ 48,513	\$ -	\$ 368,348	\$ 461,734	\$ 93,386

See independent auditor's report and accompanying notes to financial statements.

Chatham County Safety Net Planning Council, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 91,492	\$ 249,625
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,569	47,312
Net change in Indigent care trust funds receivable	36,068	-
Net change in donations receivable	(5,000)	-
Net change in other receivables	450	(212)
Net change in accounts payable	<u>(63,555)</u>	<u>79,417</u>
Net cash provided by operating activities	<u>78,024</u>	<u>376,142</u>
Cash flows from investing activities -		
Acquisition of fixed assets	<u>-</u>	<u>(2,033)</u>
Net cash used by investing activities	<u>-</u>	<u>(2,033)</u>
Cash flows from financing activities -		
Increase in cash and cash equivalents	<u>78,024</u>	<u>374,109</u>
Cash and cash equivalents beginning of year	<u>1,190,181</u>	<u>816,072</u>
Cash and cash equivalents end of year	<u><u>\$ 1,268,205</u></u>	<u><u>\$ 1,190,181</u></u>
SUPPLEMENTAL CASH FLOW DISCLOSURE -		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditor's report and accompanying notes to financial statements.

Chatham County Safety Net Planning Council, Inc.

Notes to Financial Statements

Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Chatham County Safety Net Planning Council, Inc. (Safety Net) is a non-profit council designed to develop an infrastructure to maximize access and utilization of health services and to leverage available resources to assure improved health status for Chatham County residents. Safety Net leverages, through collaboration and ongoing evaluation, its partners efforts to improve the efficiencies of their respective agency's delivery of health care services.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. Financial Statement Presentation

Safety Net has adopted Accounting Standards Codification (ASC) 958-205, *"Presentation of Financial Statements"*. Under ASC 958-205, Safety Net 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. In addition, Safety Net is required to present a statement of cash flows.

Net assets of Safety Net consist of the following

Unrestricted - Undesignated - available for general activities - these net assets are available for general obligations of Safety Net.

Safety Net has also adopted ASC 958, *"NPO Entities"*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

D. Estimates

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

E. Functional Expenses

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

Chatham County Safety Net Planning Council, Inc.

Notes to Financial Statements

Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Contributed Services

Safety Net does receive services contributed by volunteers. However, no amounts have been recognized for these donated services in the statements of activities because the criteria for recognition under ASC 958 have not been satisfied.

G. Allowance for Uncollectible Accounts

An allowance for uncollectible accounts is provided based on accounts deemed by management to be uncollectible. Management considers all accounts receivable to be collectible and has therefore reflected no allowance for uncollectible accounts as of June 30, 2016 and 2015.

H. Income Tax Status

Safety Net qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

I. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase and include restricted and unrestricted balances.

J. Fixed Assets

All expenditures for equipment and software are stated at cost. Major improvements which extend the lives of existing property and equipment are capitalized. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is computed by the straight-line method, beginning in the year of acquisition, at rates based on the following estimated useful lives:

	<u>Years</u>
Equipment	5
Software	3

Chatham County Safety Net Planning Council, Inc.

Notes to Financial Statements

Year Ended June 30, 2016

2. FIXED ASSETS

Major classifications of premises and equipment at June 30, 2016 and 2015 are as follows:

	<u>2015</u>	<u>2014</u>
Software	\$ 409,000	\$ 409,000
Equipment	40,141	40,141
	449,141	449,141
Less: accumulated depreciation	(438,988)	(420,419)
Fixed assets, net	<u>\$ 10,153</u>	<u>\$ 28,722</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$18,569 and \$47,312, respectively.

3. CONCENTRATIONS AND RISK FACTORS

Safety Net is a publicly supported agency and is primarily dependent upon Federal, State and local grants and contracts and local contributions for its support and revenues. Safety Net is subject to potential risk related to changes in business, economic, budgetary, political, and other factors at the Federal, State and local levels. These factors may be heightened as a result of the current economic environment.

Other significant risk factors that could impact Safety Net's future results, operations and profitability include, but are not limited to: (1) potential lack of sufficient working capital due to cash flow difficulties or other factors beyond Safety Net's control, and (2) increasing governmental and regulatory regulations and related costs of compliance therewith.

4. OTHER

Grant proceeds received prior to being earned are recorded as deferred grant revenue in the Statement of Financial Position. Deferred grant revenue was \$-0- and \$-0- at June 30, 2016 and 2015, respectively. Safety Net receives funding from the federal government that is subject to audit by the providing agency, which could result in disallowance of expenditures. The amount, if any, of disallowed expenditures cannot be determined at this time; although, Safety Net expects such amounts, if any, to be immaterial.

5. SUBSEQUENT EVENTS

Safety Net assessed events that have occurred subsequent to June 30, 2016 through October 3, 2016 for potential recognition and disclosure in the financial statements. No events, other than those described below, have occurred that would require adjustment to or disclosure in the financial statements which were issued on October 3, 2016.