

**Chatham County Safety Net Planning Council, Inc.**

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

**June 30, 2015 and 2014**



**HILLIARD & MILTON, LLC**

Certified Public Accountants  
Certified Internal Auditors  
Certified Government Auditing Professionals

**Chatham County Safety Net Planning Council, Inc.**

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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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McRae, GA 31055

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## 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, 2015 and 2014, 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, 2015 and 2014, 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, Georgia

September 11, 2015

Chatham County Safety Net Planning Council, Inc.

Statements of Financial Position

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents - undesignated	\$ 1,190,181	\$ 816,072
Receivables:		
Indigent care trust funds	36,068	36,068
Other	691	479
	<u>1,226,940</u>	<u>852,619</u>
Total current assets		
	<u>1,226,940</u>	<u>852,619</u>
Fixed assets - at cost, less accumulated depreciation of \$420,419 and \$373,107, respectively	<u>28,722</u>	<u>74,001</u>
Total assets	<u><u>\$ 1,255,662</u></u>	<u><u>\$ 926,620</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities -		
Accounts payable	<u>\$ 84,647</u>	<u>\$ 5,230</u>
Total current liabilities	<u>84,647</u>	<u>5,230</u>
Net assets -		
Unrestricted - undesignated	<u>1,171,015</u>	<u>921,390</u>
Total net assets	<u>1,171,015</u>	<u>921,390</u>
Total liabilities and net assets	<u><u>\$ 1,255,662</u></u>	<u><u>\$ 926,620</u></u>

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>UNRESTRICTED NET ASSETS</b>		
Public support and revenue -		
Public support -		
Received directly -		
Contributions	\$ 18,900	\$ 10,675
Total public support	<u>18,900</u>	<u>10,675</u>
Revenue:		
Grants from government - state	-	200,000
Local grants	599,068	512,818
Other local funds	-	5,600
Interest	5	5
Total revenue	<u>599,073</u>	<u>718,423</u>
Total unrestricted support and revenues	<u>617,973</u>	<u>729,098</u>
Expenses:		
Program services:		
HIE Chatham County Indigent Care	156,050	198,446
NLC Campaign	48,513	-
Chatham Connect	-	95,322
Health Resources and Services Administration	-	58,928
Supporting services -		
Administration	<u>163,785</u>	<u>180,984</u>
Total expenses	<u>368,348</u>	<u>533,680</u>
Change in net assets	249,625	195,418
Net assets, beginning	<u>921,390</u>	<u>725,972</u>
Net assets, ending	<u><u>\$ 1,171,015</u></u>	<u><u>\$ 921,390</u></u>

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**

	<b>HIE Chatham County Indigent Care</b>	<b>Chatham Connect</b>	<b>NLC Campaign</b>	<b>Administration</b>	<b>Total Expenses</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
Expenses:							
Salaries	\$ -	\$ -	\$ 41,308	\$ 69,000	\$ 110,308	\$ 143,200	\$ 32,892
Taxes and licenses	-	-	3,799	6,426	10,225	16,432	6,207
Travel / training	247	-	1,046	2,971	4,264	14,600	10,336
Contracted services	135,565	-	628	35,026	171,219	225,492	54,273
Postage	310	-	-	42	352	420	68
Supplies and materials	1,026	-	552	527	2,105	1,640	(465)
Publications / printing	-	-	-	-	-	-	-
Depreciation	-	-	-	47,312	47,312	-	(47,312)
Insurance and bonding	17,902	-	-	2,004	19,906	21,000	1,094
Other	1,000	-	1,180	477	2,657	38,950	36,293
<b>Total expenses</b>	<b>\$ 156,050</b>	<b>\$ -</b>	<b>\$ 48,513</b>	<b>\$ 163,785</b>	<b>\$ 368,348</b>	<b>\$ 461,734</b>	<b>\$ 93,386</b>

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, 2014**

	<b>HIE Chatham County Indigent Care</b>	<b>Chatham Connect</b>	<b>Capacity Building Grant</b>	<b>Administration</b>	<b>Total Expenses</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
Expenses:							
Travel / training	\$ 1,491	\$ -	\$ -	\$ 1,017	\$ 2,508	\$ 18,001	\$ 15,493
Contracted services	196,590	21,500	40,927	89,428	348,445	741,969	393,524
Postage	28	25	99	102	254	324	70
Supplies and materials	9	-	-	1,380	1,389	4,500	3,111
Publications / printing	-	-	-	145	145	1,000	855
Depreciation	-	-	-	83,301	83,301	-	(83,301)
Insurance and bonding	-	-	17,902	1,920	19,822	48,850	29,028
Other	328	73,797	-	3,691	77,816	42,914	(34,902)
<b>Total expenses</b>	<b>\$ 198,446</b>	<b>\$ 95,322</b>	<b>\$ 58,928</b>	<b>\$ 180,984</b>	<b>\$ 533,680</b>	<b>\$ 857,558</b>	<b>\$ 323,878</b>

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 249,625	\$ 195,418
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,312	83,301
Net change in donations receivable	-	2,500
Net change in other receivables	(212)	(479)
Net change in accounts payable	79,417	(15,872)
	<u>376,142</u>	<u>264,868</u>
Net cash provided by operating activities		
	<u>376,142</u>	<u>264,868</u>
Cash flows from investing activities -		
Acquisition of fixed assets	(2,033)	-
	<u>(2,033)</u>	<u>-</u>
Net cash used by investing activities		
	<u>(2,033)</u>	<u>-</u>
Cash flows from financing activities -	-	-
	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	374,109	264,868
Cash and cash equivalents beginning of year	816,072	551,204
	<u>816,072</u>	<u>551,204</u>
Cash and cash equivalents end of year	<u>\$ 1,190,181</u>	<u>\$ 816,072</u>
	<u>\$ 1,190,181</u>	<u>\$ 816,072</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, 2015**

**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, 2015**

**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, 2015 and 2014.

**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, 2015**

**2. FIXED ASSETS**

Major classifications of premises and equipment at June 30, 2015 and 2014 are as follows:

	<u>2014</u>	<u>2013</u>
Software	\$ 409,000	\$ 409,000
Equipment	40,141	38,108
	449,141	447,108
Less: accumulated depreciation	(420,419)	(373,107)
Fixed assets, net	<u>\$ 28,722</u>	<u>\$ 74,001</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$47,312 and \$83,301, 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, 2015 and 2014, 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, 2015 through September 11, 2015 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 September 11, 2015.