

Chatham County Safety Net Planning Council, Inc.

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

December 31, 2011 and 2010



HILLIARD & MILTON, LLC

Certified Public Accountants

Certified Internal Auditors

Certified Government Auditing Professionals



HILLIARD & MILTON, LLC

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

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David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Chatham County Safety Net Planning Council, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Chatham County Safety Net Planning Council, 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. Those standards require that we plan and perform the audits 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 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 Chatham County Safety Net Planning Council, Inc. as of December 31, 2011 and 2010, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information presented on the statements of functional expenses in the columns captioned "Budget" 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

January 24, 2012

Chatham County Safety Net Planning Council, Inc.

Statements of Financial Position

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents - undesignated	\$ 325,387	\$ 114,390
Due from Chatham County Commissioners	36,068	-
Due from Georgia Department of Community Health	-	22,999
Total current assets	<u>361,455</u>	<u>137,389</u>
Fixed assets - at cost, less accumulated depreciation of \$129,072 and \$56,279, respectively	<u>113,779</u>	<u>116,572</u>
Total assets	<u>\$ 475,234</u>	<u>\$ 253,961</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 15,000	\$ 44,850
Deferred revenue	-	25,000
Total current liabilities	<u>15,000</u>	<u>69,850</u>
Net assets -		
Unrestricted - undesignated	<u>460,234</u>	<u>184,111</u>
Total net assets	<u>460,234</u>	<u>184,111</u>
Total liabilities and net assets	<u>\$ 475,234</u>	<u>\$ 253,961</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 December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
Public support and revenue -		
Public support -		
Received directly -		
Contributions	\$ 13,793	\$ 15,043
Total public support	<u>13,793</u>	<u>15,043</u>
Revenue:		
Grants from government - federal	70,000	54,154
Grants from government - state	-	82,680
Local grants	497,083	76,729
Contracts	25,000	100,000
Interest	5	13
Total revenue	<u>592,088</u>	<u>313,576</u>
Total unrestricted support and revenues	<u>605,881</u>	<u>328,619</u>
Expenses:		
Program services:		
Georgia Health Foundation	10,399	-
Healthcare Georgia Foundation	15,236	93,016
HIE Chatham County Indigent Care	144,906	16,729
Health Information Exchange	-	60,402
Health Resources and Services Administration	-	24,776
Supporting services -		
Administration	<u>159,217</u>	<u>86,327</u>
Total expenses	<u>329,758</u>	<u>281,250</u>
Change in net assets	276,123	47,369
Net assets, beginning	<u>184,111</u>	<u>136,742</u>
Net assets, ending	<u>\$ 460,234</u>	<u>\$ 184,111</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 December 31, 2011

Expenses:	HIE Chatham				Total Expenses	Budget	Variance Favorable (Unfavorable)
	Georgia Health Foundation	Healthcare Georgia Foundation	County Indigent Care	Administration			
Travel / training	\$ -	\$ 347	\$ 21,456	\$ 2,210	\$ 24,013	\$ 41,465	\$ 17,452
Contracted services	9,949	14,812	118,945	80,508	224,214	238,561	14,347
Postage	-	18	-	162	180	268	88
Supplies and materials	-	59	515	2,483	3,057	3,323	266
Maintenance	-	-	3,990	-	3,990	-	(3,990)
Publications / printing	-	-	-	1,009	1,009	1,010	1
Depreciation	-	-	-	72,793	72,793	-	(72,793)
Other	450	-	-	52	502	114,540	114,038
Total expenses	\$ 10,399	\$ 15,236	\$ 144,906	\$ 159,217	\$ 329,758	\$ 399,167	\$ 69,409

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 December 31, 2010

Expenses:	Healthcare Georgia Foundation		HIE Chatham County Indigent Care		Health Information Exchange		Health Resources Administration and Services		Total Expenses	Budget	Variance Favorable (Unfavorable)
Travel / training	\$ 1,534	\$ -	\$ -	\$ -	\$ 2,418	\$ 3,952	\$ 14,497	\$ 10,545			
Contracted services	90,004	16,729	10,680	20,000	81,305	218,718	243,548	24,830			
Postage	16	-	-	-	149	165	682	517			
Supplies and materials	943	-	-	786	625	2,354	2,250	(104)			
Communications	-	-	-	-	825	825	825	-			
Maintenance	-	-	-	3,990	-	3,990	3,990	-			
Publications / printing	41	-	-	-	800	841	1,800	959			
Depreciation	478	-	49,722	-	-	50,200	-	(50,200)			
Other	-	-	-	-	205	205	5,879	5,674			
Total expenses	\$ 93,016	\$ 16,729	\$ 60,402	\$ 24,776	\$ 86,327	\$ 281,250	\$ 273,471	\$ (7,779)			

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 December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 276,123	\$ 47,369
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,793	50,200
Net change in due from Chatham County Commissioners	(36,068)	-
Net change in due from Department of Health and Human Services	-	74,990
Net change in due from Georgia Department of Community Health	22,999	(13,189)
Net change in accounts payable	(29,850)	(45,616)
Net change in deferred revenue	<u>(25,000)</u>	<u>25,000</u>
Net cash provided by operating activities	<u>280,997</u>	<u>138,754</u>
Cash flows from investing activities -		
Acquisition of fixed assets	<u>(70,000)</u>	<u>(101,378)</u>
Net cash used by investing activities	<u>(70,000)</u>	<u>(101,378)</u>
Cash flows from financing activities -	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	210,997	37,376
Cash and cash equivalents beginning of year	<u>114,390</u>	<u>77,014</u>
Cash and cash equivalents end of year	<u>\$ 325,387</u>	<u>\$ 114,390</u>
 SUPPLEMENTAL CASH FLOW DISCLOSURE -		
Cash paid for interest	<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

Years Ended December 31, 2011 and 2010

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

Years Ended December 31, 2011 and 2010

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 December 31, 2011 and 2010.

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:

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

Chatham County Safety Net Planning Council, Inc.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Recent Accounting Pronouncements

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-23, *Measuring Charity Care for Disclosure* (ASU 2010-23). The objective of ASU 2010-23 is to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. Some entities determine their charity care disclosures on the basis of a cost measurement, while others use a revenue measurement. The amendments in ASU 2010-23 require that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. The amendments in ASU 2010-23 also require disclosure of the method used to identify or determine such costs. ASU 2010-23 is effective for financial statements issued for interim and annual periods beginning after December 15, 2010. Safety Net adopted the provisions of ASU 2010-23, as required, and adoption did not have a material impact on Safety Net's financial statements taken as a whole.

2. FIXED ASSETS

Major classifications of premises and equipment at December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Software	\$ 240,000	\$ 170,000
Equipment	2,851	2,851
	<u>242,851</u>	<u>172,851</u>
Less: accumulated depreciation	<u>(129,072)</u>	<u>(56,279)</u>
Fixed assets, net	<u>\$ 113,779</u>	<u>\$ 116,572</u>

Depreciation expense for the years ended December 31, 2011 and 2010 was \$72,793 and \$50,200, 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.

Chatham County Safety Net Planning Council, Inc.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

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 \$25,000 at December 31, 2011 and 2010 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 December 31, 2011 through January 24, 2012 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 January 24, 2012.