

**CHATHAM COUNTY SAFETY NET
PLANNING COUNCIL, INC.**

SAVANNAH, GEORGIA

**FINANCIAL STATEMENTS
WITH
AUDITOR'S REPORT**

JUNE 30, 2018

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Chatham County Safety Net Council, Inc., (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018 and the related statement of activities, functional expenses and cash flows for the year 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Accountant'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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Chatham County Safety Net Planning Council, Inc.'s financial statements for the year ended June 30, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses - Budget vs. Actual for the year ended June 30, 2018 on page 10 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.

Canady, Richbourg & Woodward, LLP

October 19, 2018

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	738,507	1,254,711
Investments	595,827	-
Accounts receivable	127,802	108,684
Prepaid expenses	15,410	15,156
Total current assets	<u>1,477,546</u>	<u>1,378,551</u>
 Property and equipment		
Equipment	47,032	44,393
Less - accumulated depreciation	<u>(41,367)</u>	<u>(37,881)</u>
Total property and equipment	<u>5,665</u>	<u>6,512</u>
 Total Assets	<u><u>1,483,211</u></u>	<u><u>1,385,063</u></u>
 <u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	43,631	82,501
Payroll liabilities	2,938	7,103
Total current liabilities	<u>46,569</u>	<u>89,604</u>
 Net assets		
Unrestricted net assets:		
Undesignated	934,005	1,295,459
Designated for operating reserve	475,000	-
Temporarily restricted net assets	27,637	-
Total net assets	<u>1,436,642</u>	<u>1,295,459</u>
 Total Liabilities and Net Assets	<u><u>1,483,211</u></u>	<u><u>1,385,063</u></u>

The accompanying notes are an integral part of these financial statements

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in Net Assets :						
Support and Revenues						
Local grants	590,144	-	590,144	517,818	-	517,818
Federal grants	279,136	-	279,136	230,602	-	230,602
State grants	62,934	-	62,934	-	-	-
Conference registration fees	81,702	-	81,702	-	-	-
Contributions	26,365	51,500	77,865	9,393	-	9,393
Investment income	7,930	-	7,930	484	-	484
Unrealized loss on investments	(5,080)	-	(5,080)	-	-	-
Net assets released from restrictions	23,863	(23,863)	-	-	-	-
Total support and revenues	<u>1,066,994</u>	<u>27,637</u>	<u>1,094,631</u>	<u>758,297</u>	<u>-</u>	<u>758,297</u>
Expenses						
Program services	841,047	-	841,047	626,295	-	626,295
Supporting services						
Administration	112,401	-	112,401	99,050	-	99,050
Total expenses	<u>953,448</u>	<u>-</u>	<u>953,448</u>	<u>725,345</u>	<u>-</u>	<u>725,345</u>
Increase in net assets	113,546	27,637	141,183	32,952	-	32,952
Net assets - beginning of year	<u>1,295,459</u>	<u>-</u>	<u>1,295,459</u>	<u>1,262,507</u>	<u>-</u>	<u>1,262,507</u>
Net assets - end of year	<u><u>1,409,005</u></u>	<u><u>27,637</u></u>	<u><u>1,436,642</u></u>	<u><u>1,295,459</u></u>	<u><u>-</u></u>	<u><u>1,295,459</u></u>

The accompanying notes are an integral part of these financial statements

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	HIE Chatham County Indigent Care	PROGRAM SERVICES					SUPPORTING SERVICES	Totals	
		CHIPRA Program	Medicaid Enrollment	Other Programs	Total Program Services	Administration		2018	2017
Salaries	57,529	138,310	33,583	55,078	284,500	53,966	338,466	226,767	
Employee benefits	2,064	16,219	2,803	6,182	27,268	2,798	30,066	7,285	
Payroll taxes	4,400	11,351	2,704	4,504	22,959	4,228	27,187	19,475	
Travel / training	14,032	10,304	2,171	2,077	28,584	1,694	30,278	18,329	
Contracted services	219,611	-	-	61,120	280,731	21,922	302,653	276,753	
Subgrants	-	89,177	-	-	89,177	-	89,177	97,467	
Communications	950	6,457	8,734	745	16,886	980	17,866	7,331	
Postage	-	882	-	-	882	11	893	635	
Supplies and materials	6,784	1,455	7,665	13,709	29,613	1,836	31,449	6,742	
Publications/printing	304	5,229	2,132	-	7,665	270	7,935	8,326	
Depreciation	-	-	-	-	-	3,485	3,485	7,893	
Insurance and bonding	23,702	-	-	-	23,702	1,661	25,363	13,265	
Building rent	-	-	-	-	-	13,624	13,624	12,581	
Expendable equipment and software	2,313	-	1,608	-	3,921	-	3,921	13,042	
Other	12,402	-	9,682	3,075	25,159	5,926	31,085	9,454	
Total expenses	344,091	279,384	71,082	146,490	841,047	112,401	953,448	725,345	

The accompanying notes are an integral part of these financial statements

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from (for) operating activities		
Increase in net assets	141,183	32,952
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,485	7,893
Unrealized loss on investments	5,080	-
Changes in operating assets and liabilities:		
Accounts receivable	(19,118)	(103,443)
Prepaid expenses	(254)	(15,156)
Accounts payable	(38,870)	61,409
Payroll liabilities	(4,165)	7,103
Net cash provided by (used for) operating activities	<u>87,341</u>	<u>(9,242)</u>
 Cash flows for investing activities		
Purchase of investments	(600,000)	-
Investment income reinvested	(907)	-
Purchase of property and equipment	(2,638)	(4,252)
Net cash used for investing activities	<u>(603,545)</u>	<u>(4,252)</u>
 Net decrease in cash and cash equivalents	(516,204)	(13,494)
 Beginning cash and cash equivalents	<u>1,254,711</u>	<u>1,268,205</u>
 Ending cash and cash equivalents	<u><u>738,507</u></u>	<u><u>1,254,711</u></u>
 Supplemental cash flow information		
Interest paid	<u>-</u>	<u>-</u>
 Income taxes paid	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - 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. Sources of revenue include government grants and contracts, and contributions from partners and the general public.

Note 2 - Summary of Significant Accounting Policies

Accounting Method - The organization uses the accrual method of accounting, recognizing revenue when earned and expenses when incurred.

Advertising Costs - Advertising and marketing costs are expensed as incurred.

Cash and Cash Equivalents - For purpose of the Statement of Cash Flows, Safety Net considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments - Investments consist of certificates of deposit through various financial institutions that generally mature within three years. Investments are reported at fair value.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Receivables - Grants receivable are stated at the amount management expects to collect from outstanding balances. No allowance for uncollectible accounts has been recorded since management considers all outstanding balances to be collectible.

Property and Equipment - All expenditures for equipment 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
JUNE 30, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Tax - Safety Net is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been determined by the Internal Revenue Service not to be a private foundation under Section 509(a) of the Code.

As of June 30, 2018, the tax years that remain subject to examination by taxing authorities begin with the fiscal year ending June 30, 2015.

Basis of Presentation - The organization 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue.

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.

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.

Concentration of Credit Risk - The organization occasionally maintains deposits in excess of federally insured limits. Accounting standards identify these items as a concentration of credit risk requiring disclosure regardless of the degree of risk. At June 30, 2018, Safety Net's cash balances exceeded insured limits by \$485,532. The risk is managed by maintaining all deposits in high quality financial institutions. Safety Net has not experienced any losses on such accounts.

Subsequent Events - Management has evaluated subsequent events through October 19, 2018, the date the financial statements were available to be issued. Management was not aware of any subsequent events through this date that would have a material effect on these financial statements.

Note 3 - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 4 - Concentration of 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.

Note 5 - Retirement Plan

Safety Net maintains a tax deferred 403(b) retirement plan to provide retirement benefits for all eligible employees. Employees are eligible after six months of service. The plan provides for employer contributions of 3% of eligible employee compensation. The organization's expense related to this plan was \$8,356 for the year ended June 30, 2018.

Note 6 – Unrestricted Net Assets – Designated -Operating Reserve

In the fiscal year ending June 30, 2018, the Board of Directors has established an Operating Reserve Fund. The purpose of this reserve fund is to maintain an adequate level of funds to support the organization's day-to-day operations in the event of unforeseen shortfalls. The reserve may also be used for one-time, non-recurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure.

The amount designated for the Operating Reserve Fund was \$ 475,000 as of June 30, 2018, which approximates six-months of average recurring operating costs.

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following at June 30, 2018:

Implementation of Suicide Awareness and Prevention Program in Chatham County	\$ <u>27,637</u>
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CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
SCHEDULE OF EXPENSES - ACTUAL VS. BUDGET
YEAR ENDED JUNE 30, 2018

Expenses:	Total Actual Expenses	Budget	Variance- Favorable (Unfavorable)
Salaries	338,466	322,007	(16,459)
Employee benefits	30,066	37,851	7,785
Taxes and licenses	27,187	39,028	11,841
Travel / training	30,278	44,635	14,357
Contracted services	302,653	439,190	136,537
Subgrants	89,177	100,111	10,934
Communications	17,866	23,345	5,479
Postage	893	1,122	229
Supplies and materials	31,449	33,136	1,687
Publications/printing	7,935	8,920	985
Depreciation	3,485	-	(3,485)
Insurance and bonding	25,363	28,110	2,747
Building rent	13,624	13,324	(300)
Expendable equipment and software	3,921	19,408	15,487
Other	31,085	27,700	(3,385)
Total expenses	953,448	1,137,887	184,439

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
SCHEDULE OF EXPENSES - ACTUAL VS. BUDGET
YEAR ENDED JUNE 30, 2017

Expenses:	Total Actual Expenses	Budget	Variance- Favorable (Unfavorable)
Salaries	226,767	255,471	28,704
Employee benefits	7,285	19,500	12,215
Taxes and licenses	19,475	30,930	11,455
Travel / training	18,329	36,200	17,871
Contracted services	276,753	371,225	94,472
Subgrants	97,467	105,176	7,709
Communications	7,331	12,755	5,424
Postage	635	1,302	667
Supplies and materials	6,742	7,560	818
Publications/printing	8,326	11,350	3,024
Depreciation	7,893	-	(7,893)
Insurance and bonding	13,265	22,010	8,745
Building rent	12,581	12,674	93
Expendable equipment	13,042	24,700	11,658
Other	9,454	68,200	58,746
Total expenses	<u>725,345</u>	<u>979,053</u>	<u>253,708</u>